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REPORTS

FROM

COMMITTEES:

SEVEN VOLUMES.

—*(1.)*—

ACCOUNTS, PUBLIC;

CHURCH PATRONAGE BILL;

COMMONS;

COMMISSIONERS OF THE CITY OF LONDON (BATHS AND WASHHOUSES) BILL;

CORRUPT AND ILLEGAL PRACTICES PREVENTION ACT (1883) AMENDMENT BILL;

COURT OF CRIMINAL APPEAL BILL.

SESSION 1.—5 *February* 1895——6 *July* 1895.

SESSION 2.—12 *August* 1895——5 *September* 1895.

VOL. VII.

1895.

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REPORTS FROM COMMITTEES:

1895.

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FIRST

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
6 *March* 1895.

LONDON:
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103.

Committee of Public Accounts.

Ordered,—[*Monday*, 4*th March* 1895] :—That the Committee of Public Accounts do consist of Fifteen Members.

Committee nominated of—

Mr. Bartley.
Mr. Buchanan.
Mr. Cameron Corbett.
Sir John Gorst.
Mr. Hanbury.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Jackson.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Arthur O'Connor.
Mr. Philip Stanhope.
Sir Richard Temple.
Mr. Webb.
Mr. Arthur Williams.

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

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FIRST REPORT.

SIR RICHARD TEMPLE reported from the Committee of PUBLIC ACCOUNTS:—— That they had made Progress in the Matters to them referred, and had agreed to the following FIRST REPORT:—

COMMITTEE of PUBLIC ACCOUNTS for the Year 1893–94.

STATEMENT OF EXCESS EXPENDITURE.

1. YOUR Committee have the satisfaction of reporting that there is only one Excess Vote on the year, of 49,519*l.* 9*s.* 2*d.*, and that is for Navy Services. The amount shown on the Appropriation Account was 66,446*l.* 11*s.* 6*d.* It has been reduced to the lesser sum above-mentioned by the adjustments between that Account and the Naval Defence Account. These adjustments are explained in paragraph 30 of the Comptroller and Auditor General's Report, and the figures therein stated are promised. Your Committee have now ascertained from him that the figures have since been verified, and may be regarded as final.

2. The deficit of 49,519*l.* 9*s.* 2*d.* is made up of 12,823*l.* 13*s.* 1*d*, mostly consisting of cash that went down with H.M.S. Victoria, and 36,695*l.* 16*s.* 1*d.* owing to the non-payment by India of anticipated contributions towards the maintenance of ships in Indian waters. Your Committee learn that the question of this contribution has been under arbitration, and that the announcement of the award may shortly be expected.

6 *March* 1895.

PROCEEDINGS OF THE COMMITTEE.

Wednesday, 6th March 1895.

MEMBERS PRESENT:

Sir Richard Temple.	Sir John Hibbert.
Sir Arthur Hayter.	Mr. Arthur O'Connor.
Mr. Alpheus Morton.	Mr. Arthur Williams.
Mr. Buchanan.	Mr. Mowbray.

Sir RICHARD TEMPLE was called to the Chair.

A Navy Excess Vote was considered.

Sir *Charles L. Ryan*, K.C.B., Mr. *John Scott*, and Mr. *G. L. Ryder*, C.B., were examined.

DRAFT REPORT, proposed by the *Chairman*, brought up, and read the first and second time, amended, and *agreed to*.

Question, That this Report be the First Report of the Committee to the House,—put, and *agreed to*.

Ordered, To Report, together with the Minutes of Evidence, and Appendix.

[Adjourned till Wednesday next, at Two o'clock.

MINUTES OF EVIDENCE.

LIST OF WITNESSES.

Wednesday, 6th March 1895.

PAGE

Sir Charles Lister Ryan, K.C.B., and Mr. George Lisle Ryder, C.B. - - - - - - 1

Mr. John Scott - - - - - - - - - - - - - - - - 1

MINUTES OF EVIDENCE.

Wednesday, 6th March 1895.

MEMBERS PRESENT:

Mr. Buchanan.	Mr. Mowbray.
Sir Arthur Hayter.	Mr. Arthur O'Connor.
Sir John Hibbert.	Sir Richard Temple.
Mr. Alpheus Morton.	Mr. Arthur Williams.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

STATEMENT OF EXCESS OF EXPENDITURE FOR NAVY SERVICES, 1893–94.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE LISLE RYDER, C.B., called in; and Examined.

Mr. JOHN SCOTT, called in; and Examined.

Chairman.

1. (To Mr. *Scott.*) YOU attend here to-day as representing the Admiralty?—Yes; I am Assistant Accountant General.

2. You are cognisant with the Paper headed "Statement of Excess," which is before the Committee to-day?—Yes.

3. On the second page of that Paper the excess of net expenditure is stated to be 49,519*l.*?—That is so, 49,519*l.* 9*s.* 2*d.*

4. And the statement goes on to say, "The difference of 16,927*l.* 2*s.* 4*d.* between that amount and that of 66,446*l.* 11*s.* 6*d.*, shown as the net excess on the Navy Appropriation Account, arises from the adjustments required between that account and the Naval Defence Account for 1893–94, and is explained in paragraph 30 of the Report of the Comptroller and Auditor General on the former account." That Report is not yet in the hands of the Committee; perhaps it is in your hands?—Yes, I have an advance copy.

5. If you have paragraph 30 under your eye, perhaps you would read it to the Committee?—The paragraph is headed "Outcome of the Account, 1893–94. The Abstract Appropriation Account (page 5) shows a net deficit on Navy Votes of 66,446*l.* 11*s.* 6*d.*; but in arriving at this result the Admiralty have not taken into consideration the outcome of the transactions in

Chairman—continued.

1893–94 under the Naval Defence Act. The expenditure under this Act was not fully ascertained on the date at which the Appropriation Account was made up; but the Naval Defence Account, 1893–94, has now been rendered to my Department; and assuming the correctness of the figures shown therein (which are now in course of verification) an actual deficit of 49,519*l.* 9*s.* 2*d.* exists on Navy Votes proper, arrived at as follows:—Exchequer Grants (Appropriation Account, page 4), 14,240,100*l.* Add portion of savings of prior years (lodged in the Bank of England) in respect of Dockyard Shipbuilding under the Naval Defence Act, to be drawn upon in consequence of work done in 1893–94 exceeding the Cash Provision. Cash Provision, page 83, Navy Estimates, 1893–94, 1,331,572*l.* Expenditure, as per Expense Accounts, 1893–94, page 17, 1,403,877*l.*," the difference being 72,305*l.*, "less amount to be lodged to the credit of the Naval Defence Account at the Bank of England, being difference between Grant for Armaments, Navy Estimates, 1893–94, page 106, 458,000*l.* Expenditure on ditto, Appropriation Account, page 36, 402,622*l.* 2*s.* 4*d.*," the difference being 55,377*l.* 17*s.* 8*d.* That abated from the above leaves a difference of 16,927*l.* 2*s.* 4*d.*, which, added to the total Exchequer Grants of

6 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. G. L. Ryder, C.B., and Mr. Scott. [*Continued.*

NAVY SERVICES.

Statement of Excess, &c.—*continued.*

Chairman—continued.

14,240,100*l.*, gives as the "net sum available to meet the normal expenditure, 14,257,027*l.* 2*s.* 4*d.*" As against that there is "Net Expenditure (Appropriation Account, page 5), 14,306,546*l.* 11*s.* 6*d.*," making the actual deficit 49,519*l.* 9*s.* 2*d.*, which is the amount of the Excess Vote.

Mr. *Arthur O'Connor.*

6. (To Sir *Charles Ryan.*) From the words of the paragraph which has just been read to us, I should assume that even those figures are merely provisional, because they are partly dependent upon the assumed accuracy of the figures in the Navy Defence Account?—When that paragraph was written the Naval Defence Account had not been fully examined, and had not been presented to the House. Since that time the figures have been fully examined, and they stand as they were assumed to be, and are correct. Therefore, the deficit you may take to be that which is stated in paragraph 30 of my Report.

7. Those figures were provisional when they were first taken; but I understand that since then they have been verified?—They have since been verified.

Chairman.

8. (To Mr. *Scott.*) The statement on page 2 goes on to say that the deficit is composed of a deficit on gross Votes amounting to 12,823*l.* 13*s.* 1*d.*, and a deficit on Appropriations in Aid, amounting to 36,695*l.* 16*s.* 1*d.*; what is the meaning of "Deficit on Appropriations in Aid"?—I think that is explained in the last paragraph in the statement.

9. That is to say, it is due to a certain non-payment by India?—Quite so.

10. That is an old question, is it not; we had it before us last year?—Quite so; and the year before.

Mr. *Arthur O'Connor.*

11. Does that constitute an outstanding claim?—Possibly.

12. Which would be carried on to the next year?—Possibly.

Mr. *Alpheus Morton.*

13. Do you consider that as a loss?—No; it is an arrear that may be paid up in the subsequent year.

14. But there is no certainty about it?—Not at present.

Chairman.

15. As to the deficit on the gross Votes, I see it is stated that nearly the whole was on account of money lost in the "Victoria;" that means actual cash, I suppose?—Yes; cash that went down with the ship.

Sir *Arthur Hayter.*

16. Does that cover all the losses by the ship, or only the actual cash?—Only the actual money in the paymaster's hands at the time.

NAVY SERVICES.

Statement of Excess, &c.—*continued.*

Mr. *Alpheus Morton.*

17. Do you know the amount of that?—I cannot tell exactly, but it is about 11,000*l.*

Chairman.

18. It says that nearly the whole of the 12,490*l.* was on account of money lost in the "Victoria"?—Yes.

Mr. *Alpheus Morton.*

19. And the balance is made up in some other way?—There are other "balances irrecoverable" included in that total.

Mr. *Mowbray.*

20. Are those other "balances irrecoverable" set out anywhere?—Yes, they are to be found in the Appropriation Account at page 52, and at page 55 honourable Members will see the item in respect of the loss of the "Victoria."

21. The total balances irrecoverable amounted to 12,490*l.* 10*s.* 6*d.*, for which 11,166*l.* 11*s.* 9*d.* was due to the loss of the "Victoria"?—That is so.

22. The deficit in gross Votes is put down as 12,823*l.* 13*s.* 1*d.*, of which 12,490*l.* 10*s.* 6*d.* was on account of balances irrecoverable; what is the remainder made up of?—It is made up of innumerable differences in striking the balance.

Mr. *Alpheus Morton.*

23. I suppose this money has really been spent, and we are merely asked to vote this sum now in order to balance the account?—That is so.

Mr. *Arthur O'Connor.*

24. The last paragraph of this statement says that "The deficit and Appropriations in Aid was the portion of the contribution of the Indian Government on account of Ships in Indian Waters, which could not be met by savings. The non-payment by India amounted to 67,000*l.*" From that I should gather that you had a claim against India in respect of which they have not paid the amount you asked for of 67,000*l.*?—That is so.

25. You assume in your Estimate, and put under the head of Appropriations in Aid, a sum corresponding to that?—Quite so.

26. Is there any question between the Navy and the Indian Government with regard to the liability of India to pay that money?—The question was under arbitration till quite recently; the decision has now been given, but the question of the amount to be paid has not yet been settled between the Indian Government and the Admiralty.

27. For how long has it been an open question?—It was under arbitration.

28. And during those years have you been including in the Appropriations in Aid a sum so large as 67,000*l.*, which you had no reasonable prospect of getting within the financial year?—We were in hopes that the question submitted to arbitration would have been settled much earlier, and the money received.

29. The

6 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. G. L. Ryder, C.B., and Mr. Scott. [*Continued.*

Navy Services.

Statement of Excess, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

29. The arbitration has hung on year after year, and you have been including in your Appropriation Accounts each year a sum so large as 67,000*l.*?—Yes.

Mr. *Alpheus Morton.*

30. On page 52 of the Appropriation Accounts I see a column headed "Other amounts abandoned, &c., and not charged against balances irrecoverable;" what is the meaning of that?—They were sums that did not enter into this account, having already been charged to Naval Votes, and therefore required no further adjustment.

31. Then there is no occasion to get money to write them off?—They have already been allowed in the accounts of previous years.

Mr. *Arthur O'Connor.*

32. I notice that the sum of 66,446*l.* 11*s.* 6*d.*, which was the net excess on the Navy Appropriation Account, almost exactly tallies with the sum of 67,000*l.* unpaid by India?—That is so; but the 66,446*l.* is made up of a great many items.

33. That is merely a casual coincidence, is it?—Yes.

34. It is not due to any arrangement?—None whatever.

Mr. *Alpheus Morton.*

35. You would consider that working the account pretty close?—Very close, I think, considering the large amount of the Votes.

36. If you had had the money from India you would not have had to come for an Excess Vote, would you?—No.

Mr. *Arthur O'Connor.*

37. Was that almost exact balance due to a certain extent to the fact that there was a separate account for the naval defence?—Certainly.

38. And on to that account there might be thrown charges which might properly belong to the Navy Estimates?—We have only charged to Naval Defence Account such items as were properly chargeable thereto.

39. No doubt; but side by side with the Navy Appropriation Account there was a Naval Defence Account, which was available at the discretion, for the time at least, of the Admiralty for certain charges?—I do not think anything was at the discretion of the Admiralty. We could only charge to the Naval Defence Account such items as legitimately belong to the Naval Defence Account.

40. But both accounts are audited by the Comptroller and Auditor General, are they not?—Certainly.

41. And following on that audit, some of the charges have been moved from the one account to the other?—The two accounts are quite distinct.

Navy Services.

Statement of Excess, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

42. I know that, but if you will kindly look at the wording of the statement which is before the Committee, you will see that it is said that a certain difference arises from the "adjustments" required between the Navy Appropriation Account and the Naval Defence Account?—Quite so.

43. Therefore there are adjustments which are required between the two accounts?—Yes, as regards the balances; that is to say, if the balance of the Naval Defence Account shows that we have spent more money, or that we have spent less money, than was provided by the House of Commons for that purpose it is adjusted on the Appropriation Account.

44. There is an adjustment as between the two accounts?—Yes.

45. Until that adjustment was made the excess on the Navy Appropriation Account was almost entirely, or at any rate within 600*l.*, accounted for by the non-payment by India of this sum of 67,000*l.*?—Yes.

46. That is on a total of how many millions?—£15,267,000.

47. Could you tell me what amount there was at the end of the year outstanding which could have been paid away by the Admiralty within the financial year; I mean what amount of claims against the Admiralty was carried forward at the end of the year which might have been paid if presented?—I could not answer that question. I presume the honourable Member means for stores delivered.

48. I mean for anything which could figure in this account?—There must necessarily be an overlapping. There are always stores delivered at the end of the year which are not paid for until the commencement of the following year.

49. I suppose the financial authorities at the Admiralty watch carefully the rate at which the money is running out?—Quite so.

50. And they can tell approximately how the figures will show as against their estimates from week to week?—Yes.

51. They must therefore have some kind of material by which to judge of the amount of possible claims within a short period ahead?—Quite so.

52. Would not that furnish you with the means of answering my question as to how much there was outstanding?—I am afraid it would not. It would only affect the Store Votes.

53. Would not the knowledge of how much there was presently payable, if demanded, enable the financial authorities at the Admiralty, if they wished, to almost exactly balance their estimates and their expenditure?—I do not think so, because there is so much expenditure that we have really no control over. There is, for example, all the expenditure that is going on at the other end of the world of which we know nothing, and as to which information does

NAVY SERVICES.

Statement of Excess, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

not come in till after the end of the financial year.

Mr. *Alpheus Morton.*

54. Can you tell us at all how soon we shall get the knowledge about this award as to the Indian contribution?—I think the matter is the subject of correspondence at the present time between the Admiralty and the India Office. Really we are in the hands of the India Office.

Sir *John Hibbert.*

55. The award has not yet been presented to

NAVY SERVICES.

Statement of Excess, &c.—*continued.*

Sir *John Hibbert*—continued.

the Treasury?—I have no information on this point.

Mr. *Alpheus Morton.*

56. You do not know what the reason of the delay is?—Correspondence between the Admiralty and the India Office is at the present time being carried on with a view to obtain a settlement under the terms of the award.

Sir *John Hibbert.*

57. The award has only just been made, has it not?—Yes, only about a week or ten days ago.

APPENDIX.

LIST OF APPENDIX.

APPENDIX, No. 1.

Paper handed in by Mr. G. L. Ryder, C.B., 6 March 1895 : PAGE

Comparison of Audited Expenditure with Exchequer Issues and General Abstract of Appropriation Accounts, 1892-93 - - -

APPENDIX.

APPENDIX, No. 1.

PAPER handed in by Mr. *G. L. Ryder*, C.B., 6 March 1895.

1892–93.

COMPARISON OF AUDITED EXPENDITURE WITH EXCHEQUER ISSUES AND GENERAL ABSTRACT OF APPROPRIATION ACCOUNTS.

(After Audit by the Comptroller and Auditor General, and Review by the Public Accounts Committee of the House of Commons.)

Treasury, 6 March 1895.

COMPARISON of AUDITED EXPENDITURE in 1892–93 with EXCHEQUER ISSUES for that Year.

	Exchequer Issues.	Audited Expenditure.	Audited Expenditure.	
			Less than Exchequer Issues.	More than Exchequer Issues.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
CONSOLIDATED FUND SERVICES - -	28,306,174 17 2	28,306,174 17 2	—	—
ARMY (including ARMY PURCHASE COMMISSION) - - - - - - - -	17,541,700 – –	17,586,345 1 5	—	44,645 1 5
ARMY (ORDNANCE FACTORIES) - - -	300 – –	*2,317 16 11*	* 2,617 16 11	—
NAVY - - - - - - - - -	14,302,000 – –	14,048,323 14 9	253,676 5 3	—
	31,844,000 – –	31,632,350 19 3	256,294 2 2	44,645 1 5
CIVIL SERVICES - - - - - -	17,780,514 15 2	17,868,302 18 3	—	87,788 3 1
REVENUE DEPARTMENTS, &c. - - -	12,444,675 14 7	12,347,745 18 10	96,929 15 9	—
TOTAL - - - £.	90,375,365 6 11	90,154,574 13 6	353,223 17 11	132,433 4 6
			132,433 4 6	
The Exchequer Issues were more than the Audited Expenditure by - - - £.			220,790 13 5	

* Excess of Appropriations in Aid over Expenditure - - - - - £. 2,317 16 11
Exchequer Issues - - - - - - - - - - - - - 300 – –
£. 2,617 16 11

1892–93.

GENERAL ABSTRACT OF APPROPRIATION ACCOUNTS.

(After Audit by the Comptroller and Auditor General, and Review by the Public Accounts Committee of the House of Commons.)

SERVICE.	Grant. (Net.)	Expenditure. (Net.)	Expenditure. Less than Grant.	Expenditure. More than Grant.	Appropriations in Aid Received. More than Estimate.	Appropriations in Aid Received. Less than Estimate.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Army	17,646,200 – –	17,586,345 1 5	59,854 18 7	—	42,278 15 3	—
Army (Defence Factories)	100 – –	†2,417 16 11	2,417 16 11	—	103,450 5 7	—
Navy	14,240,200 – –	*14,048,323 14 9	191,876 5 3	—	—	21,702 15 2
TOTAL, NAVAL AND MILITARY SERVICES £.	31,886,500 – –	31,632,350 19 3	254,149 – 9	—	145,729 – 10	21,702 15 2
Civil Services						
Class I.	1,762,611 – –	1,739,739 5 6	23,527 8 6	655 14 –	4,338 19 8	143 4 2
„ II.	2,017,993 – –	1,959,213 4 11	58,779 15 1	—	7,016 13 11	712 16 4
„ III.	3,824,244 – –	3,677,435 19 2	146,808 9 10	—	47,939 2 10	1,240 9 9
„ IV.	8,935,986 – –	8,907,000 15 7	28,985 4 5	—	1,895 11 9	3,449 4 4
„ V.	699,699 – –	687,220 18 4	12,478 1 8	—	2,340 18 –	—
„ VI.	670,016 – –	665,116 13 –	4,899 7 –	—	—	7 11 11
„ VII.	254,931 – –	232,576 10 9	22,354 9 3	—	4,369 16 1	—
TOTAL, CIVIL SERVICES £.	18,165,480 – –	17,868,302 18 3	297,832 15 9	655 14 –	67,451 2 3	5,563 5 6

For details, *see* pages 4 to 8

Revenue Departments :						
Customs	875,485 – –	836,421 8 9	39,063 11 3	—	—	261 18 3
Inland Revenue	1,773,709 – –	1,766,125 10 6	7,583 9 6	—	—	1,193 3 10
Post Office	6,512,963 – –	6,458,564 13 4	54,398 6 8	—	3,688 3 10	—
Post Office Telegraph Service	2,597,360 – –	2,567,018 18 3	30,341 1 9	—	—	7,692 16 –
Post Office Packet Service	728,954 – –	719,615 8 –	9,338 12 –	—	—	495 10 6
TOTAL, REVENUE DEPARTMENTS £.	12,488,471 – –	12,347,745 18 10	140,725 1 2	—	3,688 3 10	9,643 8 7
TOTAL FOR VOTED SERVICES £.	62,540,451 – –	61,848,399 16 4	692,706 17 8	655 14 –	216,868 6 11	36,899 9 3

	Estimated Expenditure.*		Less than Estimate.	More than Estimate.
Consolidated Fund :	£. s. d.		£. s. d.	£. s. d.
Permanent Charge of Debt	25,000,000 – –	25,000,000 – –	—	—
Interest, &c., not forming part of the Permanent Charge	200,000 – –	200,000 – –	—	—
Naval Defence Fund	1,429,000 – –	1,428,571 8 6	428 11 6	—
Other Consolidated Fund Services	1,683,000 – –	1,677,603 8 8	5,396 11 4	—
TOTAL OF CONSOLIDATED FUND SERVICES £.	28,312,000 – –	28,306,174 17 2	5,825 2 10	—
GRAND TOTAL OF EXPENDITURE £.		90,154,574 13 6		

* After adjustment with the Naval Defence Account (*see* Report of Comptroller and Auditor General on Navy Appropriation Account, 1892–93, paragraph 33, pages 159–160.)
† Surplus of Appropriations in Aid over Gross Expenditure.

The amounts written off from EXCHEQUER GRANT ACCOUNTS and paid to the EXCHEQUER, in respect of SAVINGS on VOTES and APPROPRIATIONS IN AID realised in excess of Estimate, for the Year 1892–93, amounted to 690,319*l.* 0*s.* 9*d.*

	In the Financial Year 1893–94.	In the Financial Year 1894–95.
	£. s. d.	£. s. d.
Written off from Exchequer Grant Accounts out of Ways and Means of 1892–93	226,411 8 1	—
Ditto ditto ditto 1893–94	445,017 17 9	634 8 7
Ditto ditto ditto 1894–95	—	16,766 2 4
Paid to the Exchequer by the Paymaster General	1,459 4 –	—
£.	672,888 9 10	17,400 10 11

£. 690,289 – 9

Nominal Excess Votes, taken in respect of the Year 1892–93, written off 30 – –

TOTAL Amount Surrendered £. 690,319 – 9

CIVIL SERVICES.

1892-93.

ABSTRACT STATEMENT showing the APPROPRIATION of GRANTS for the undermentioned CIVIL SERVICES, after Audit by the Comptroller and Auditor General and Review by the Public Accounts Committee of the House of Commons, for the Year ended 31st March 1893; and the Amounts of the UNEXPENDED BALANCES or DEFICIENCIES arising upon the same.

Number of Vote	SERVICE	Reference to detailed Account in Parliamentary Paper No. 510, of 1893-94	Grant. (Net.)	Expenditure. (Net.)	Expenditure. Less than Grant.	Expenditure. More than Grant.	Appropriations in Aid Realised. More than Estimate.	Appropriations in Aid Realised. Less than Estimate.
	CLASS I. PUBLIC WORKS AND BUILDINGS.		£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
	Great Britain.							
1	[illegible]	3	35,850 – –	35,623 – 10	226 19 2	—	—	31 9 1
2	[illegible]	7	90,643 – –	89,951 19 6	691 – 6	—	671 15 3	—
3	[illegible]	13	42,125 – –	39,934 10 3	2,190 9 9	—	14 7 9	—
4	[illegible]	17	39,200 – –	39,191 1 5	8 18 7	—	—	13 4 7
5	[illegible]	18	[illegible]	[illegible]	[illegible]	—	—	98 9 6
6	[illegible]	25	29,809 – –	27,781 1 10	2,027 18 2	—	4 10 4	—
7	[illegible]	31	38,614 – –	37,772 – 4	841 19 8	—	261 – 7	—
8	[illegible]	39	360,000 – –	359,640 14 11	359 5 1	—	122 8 6	—
9	[illegible]	78	186,015 – –	186,670 14 –	—	655 14 –	2,118 6 9	—
10	[illegible]	83	217,140 – –	216,140 3 6	999 16 6	—	—	—
11	Harbours, &c., under the Board of Trade	86	33,109 – –	32,164 8 –	944 12 –	—	240 6 2	—
12	Peterhead Harbour	89	29,870 – –	28,598 17 1	1,271 2 11	—	—	—
13	Caledonian Canal	91	5,000 – –	5,000 – –	—	—	—	—
14	Rates on Government Property	93	237,058 – –	236,659 9 3	398 10 9	—	397 8 8	—
	Ireland.							
15	[illegible]	95	222,105 – –	[illegible] 8 1	13,611 11 11	—	508 13 8	—
16	[illegible]	108	142,157 – –	141,727 10 7	429 9 5	—	—	—
	TOTAL £		1,702,611 –	1,679,789 5 6	23,527 8 6	655 11 –	1,368 19 8	143 3 2

CLASS II.

SALARIES AND EXPENSES OF CIVIL DEPARTMENTS.

	United Kingdom and England.							
1	House of Lords Offices	117	42,269 – –	40,657 9 11	1,611 10 1	—	—	—
2	House of Commons Offices	120	49,752 – –	48,457 9 9	1,294 10 3	—	—	—
3	Treasury and Subordinate Departments	122	88,692 – –	87,625 19 6	1,066 – 6	—	230 10 3	—
4	Home Office	126	91,559 – –	88,045 18 3	3,513 1 9	—	671 18 –	—
5	Foreign Office	132	72,004 – –	70,745 4 8	1,258 15 4	—	—	92 19 –
6	Colonial Office	134	41,501 – –	40,980 15 3	520 4 9	—	—	—
7	Privy Council Office	136	15,116 – –	13,770 7 1	1,345 12 11	—	—	63 10 6
8	Board of Trade	138	165,470 – –	158,250 – 1	7,219 19 11	—	—	179 14 11
9	Bankruptcy Department of the Board of Trade	144	12 – –	—	12 – –	—	—	—
10	Board of Agriculture	151	53,710 – –	48,181 15 2	5,528 4 10	—	72 9 3	—
11	Charity Commission	154	38,485 – –	34,759 16 1	3,725 3 11	—	—	—
12	Civil Service Commission	157	41,324 – –	40,340 4 9	983 15 3	—	—	—
13	Exchequer and Audit Department	159	57,249 – –	56,396 10 6	852 9 6	—	282 18 7	—
14	Friendly Societies Registry	161	7,743 – –	7,304 – 8	438 19 4	—	—	—
15	Local Government Board	164	162,049 – –	162,043 2 7	5 17 5	—	—	6 15 2
16	Lunacy Commission	167	13,981 – –	13,480 17 4	500 2 8	—	26 11 6	—
17	Mercantile Marine Fund (Grant in Aid)	169	40,000 – –	40,000 – –	—	—	—	—
18	Mint (including Coinage)	188	54 – –	37 – 5	16 19 7	—	—	—
19	National Debt Office	191	14,641 – –	14,603 – 11	37 19 1	—	36 18 1	—
20	Public Record Office	193	20,953 – –	19,909 10 8	1,043 9 4	—	—	—
21	Public Works Loan Commission	195	9,827 – –	9,555 14 8	271 5 4	—	—	—
22	Registrar General's Office	197	59,049 – –	53,349 13 8	5,699 6 4	—	384 5 –	—
23	Stationery and Printing	199	512,346 – –	508,570 9 5	3,775 10 7	—	3,757 6 7	—
24	Office of Woods, Forests, and Land Revenues, &c.	203	23,914 – –	21,301 18 8	2,612 1 4	—	—	—
25	Office of Works and Public Buildings	205	52,051 – –	51,006 – –	1,045 – –	—	—	—
26	Secret Service	210	32,000 – –	26,200 7 –	5,799 13 –	—	—	—
	Scotland.							
27	Office of Secretary for Scotland	211	11,206 – –	10,429 6 3	776 13 9	—	—	—
28	Fishery Board	213	22,318 – –	20,886 9 7	1,431 10 5	—	—	—
29	Lunacy Commission	217	5,856 – –	5,654 7 1	201 12 11	—	53 7 8	—
30	Registrar General's Office	219	8,066 – –	7,073 12 3	992 7 9	—	106 7 –	—
31	Board of Supervision	221	9,117 – –	8,673 6 7	443 13 5	—	—	—
	Carried forward £.		1,762,314 – –	1,708,290 8 9	54,023 11 3	—	5,622 11 11	342 19 7

ABSTRACT STATEMENT showing the Appropriation of Grants, &c., for the Year ended 31st March 1893—*continued.*

Number of Vote	SERVICE	Reference to Detailed Account in Parliamentary Paper, No. 510, of 1893-94.	Grant. (Net.)	Expenditure. (Net.)	Expenditure. Less than Grant.	Expenditure. More than Grant.	Appropriations in Aid Realised. More than Estimate.	Appropriations in Aid Realised. Less than Estimate.
	CLASS II.—*continued*							
	SALARIES AND EXPENSES OF CIVIL DEPARTMENTS—*continued.*		£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
	Brought forward - - -		1,762,314 - -	1,708,290 8 9	54,023 11 3	—	5,622 11 11	342 19 7
	Ireland.							
32	Household of the Lord Lieutenant - - - - - - - -	223	4,764 - -	4,504 13 3	259 6 9	—	—	—
33	Chief Secretary's Office - - - - - - - - - -	225	41,060 - -	40,146 6 10	913 13 2	—	—	9 10 3
34	Charitable Donations and Bequests Office - - - - - -	229	1,997 - -	1,670 9 -	326 11 -	—	- 8 8	—
35	Local Government Board - - - - - - - - - -	231	133,792 - -	133,240 2 7	551 17 5	—	1,127 17 9	—
36	Public Record Office - - - - - - - - - -	234	5,801 - -	5,478 4 9	322 15 3	—	—	—
37	Public Works Office - - - - - - - - - -	236	34,489 - -	33,533 17 4	955 2 8	—	222 3 11	—
38	Registrar General's Office - - - - - - - - - -	243	20,539 - -	20,209 16 2	329 3 10	—	43 11 8	—
39	Valuation and Boundary Survey - - - - - - - -	246	13,237 - -	12,139 6 3	1,097 13 9	—	—	360 6 6
	TOTAL - - - £.		2,017,993 - -	1,959,218 4 11	58,779 15 1	—	7,016 13 11	712 16 4
	CLASS III							
	LAW AND JUSTICE							
	United Kingdom and England.							
1	Law Charges - - - - - - - - - -	253	69,528 - -	68,742 18 3	785 1 9	—	67 1 -	—
2	Miscellaneous Legal Expenses - - - - - - - -	257	42,942 - -	37,505 14 8	5,436 5 4	—	3,150 5 -	—
3	Supreme Court of Judicature - - - - - - - -	260	331,102 - -	329,053 4 3	2,048 15 9	—	1,840 5 1	—
4	Land Registry - - - - - - - - - -	264	6,710 - -	6,433 18 -	276 2 -	—	—	—
5	County Courts - - - - - - - - - -	266	37,039 - -	13,861 4 -	23,177 16 -	—	30,001 11 8	—
6	Police Courts, London and Sheerness - - - - - -	269	4,685 - -	3,220 11 4	1,464 8 8	—	1,424 8 4	—
7	Police, England and Wales - - - - - - - - -	275	55,566 - -	50,753 11 -	4,812 9 -	—	—	—
8	Prisons, England and the Colonies - - - - - - -	284	620,432 - -	613,913 7 7	6,518 12 5	—	—	—
9	Reformatory and Industrial Schools, Great Britain - - -	289	269,865 - -	264,723 18 11	5,141 6 1	—	151 8 9	—
10	Broadmoor Criminal Lunatic Asylum - - - - - -	294	34,013 - -	33,511 4 7	498 15 5	—	181 11 9	—
	Scotland.							
11	Law Charges and Courts of Law - - - - - - - -	299	92,742 - -	85,182 18 2	7,559 1 10	—	2,771 3 4	—
12	Register House, Edinburgh - - - - - - - - -	307	37,302 - -	36,309 13 2	992 6 10	—	—	—
13	Crofters Commission - - - - - - - - - -	310	8,935 - -	8,618 1 7	316 18 5	—	—	—
14	Prisons - - - - - - - - - - - -	313	92,618	91,472 14 2	1,175 5 10	—	—	—

	Ireland.							
15	Law Charges and Criminal Prosecutions	320	76,236 – –	66,385 10 7	9,850 9 5	—	20 8 4	—
16	Supreme Court of Judicature	323	114,739 – –	114,503 9 4	235 10 8	—	532 10 7	—
17	Irish Land Commission	328	74,000 – –	67,623 7 8	6,376 12 4	—	—	—
18	County Court Officers, &c.	330	123,325 – –	117,132 3 7	6,192 16 5	—	—	—
19	Dublin Metropolitan Police	333	99,761 – –	92,819 – 11	6,941 19 1	—	—	1,240 9 9
20	Constabulary	335	1,382,655 – –	1,342,768 10 3	39,886 9 9	—	7,759 12 4	—
21	Prisons	338	132,018 – –	118,253 8 11	13,764 11 1	—	—	—
22	Reformatory and Industrial Schools	346	111,457 – –	109,132 13 1	2,324 6 11	—	38 10 8	—
23	Dundrum Criminal Lunatic Asylum	348	6,544 – –	5,511 11 2	1,032 8 10	—	—	—
	TOTAL £.		3,824,244 – –	3,677,435 10 2	146,808 9 10	—	47,939 2 10	1,240 9 9
	CLASS IV. EDUCATION, SCIENCE AND ART.							
	United Kingdom and England.							
1	Public Education, England and Wales	357	6,048,213 – –	6,046,911 2 3	1,301 17 9	—	—	—
2	Science and Art Department (United Kingdom)	362	630,054 – –	629,934 11 5	119 8 7	—	—	271 – 2
3	British Museum	374	158,560 – –	158,168 9 7	391 10 5	—	370 7 1	—
4	National Gallery	378	13,577 – –	13,466 6 3	110 13 9	—	61 9 6	—
5	National Portrait Gallery	381	2,228 – –	1,596 – 3	631 19 9	—	—	—
6	Scientific Investigation, &c. (United Kingdom)	383	25,896 – –	25,762 – 8	133 19 4	—	—	—
7	Universities and Colleges, Great Britain	386	76,000 – –	76,000 – –	—	—	—	—
8	London University	387	288 – –	* *1,173 10 8*	1,461 10 8	—	1,373 15 2	—
	Scotland.							
9	Public Education	390	951,336 – –	950,298 12 10	1,037 7 2	—	—	—
10	National Gallery	396	4,000 – –	4,000 – –	—	—	—	—
	Ireland.							
11	Public Education	399	1,017,301 – –	993,734 13 –	23,566 7 –	—	—	2,066 5 2
12	Endowed Schools Commissioners	412	1,005 – –	871 8 11	133 11 1	—	—	—
13	National Gallery	414	2,500 – –	2,403 1 1	96 18 11	—	—	—
14	Queen's Colleges	416	5,028 – –	5,028 – –	—	—	—	1,111 19 –
	TOTAL £.		8,935,986 – –	8,907,000 15 7	28,985 4 5	—	1,805 11 9	3,449 4 4

* Surplus of Appropriations in Aid over Gross Expenditure.

ABSTRACT STATEMENT showing the Appropriation of Grants, &c., for the Year ended 31st March 1893—*continued.*

Number of Vote	SERVICE.	Reference to detailed Account in Parliamentary Paper No. 340, of 1893-94.	Grant. (Net.)	Expenditure. (Net.)	Expenditure. Less than Grant.	Expenditure. More than Grant.	Appropriations in Aid Realised. More than Estimate.	Appropriations in Aid Realised. Less than Estimate.
	CLASS V. FOREIGN AND COLONIAL SERVICES.		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	Diplomatic and Consular Services	424	446,347 – –	437,901 3 7	8,445 16 5	—	2,340 18 –	—
2	Slave Trade Services	442	2,313 – –	1,480 13 8	832 6 4	—	—	—
3	Colonial Services, including South Africa	444	168,283 – –	165,083 18 8	3,199 1 4	—	—	—
4	[illegible]	459	57,100 – –	57,100 – –	—	—	—	—
5	Treasury Chest	460	4,756 – –	4,755 2 5	– 17 7	—	—	—
6	[illegible]	461	26,900 – –	26,900 – –	—	—	—	—
	TOTAL £.		699,699 – –	687,220 18 4	12,478 1 8	—	2,340 18 –	—
	CLASS VI. NON-EFFECTIVE AND CHARITABLE SERVICES.							
1	Superannuation and Retired Allowances	467	511,852 – –	508,215 4 9	3,636 15 3	—	—	—
2	[illegible]	479	11,500 – –	10,321 15 8	1,178 4 4	—	—	—
3	[illegible]	480	9,215 – –	9,214 13 4	– 6 8	—	—	—
4	[illegible]	482	2,[illegible]12	1,9[illegible] 3 10	41 16 2	—	—	—
5	[illegible]	484	117,213 – –	117,213 – –	—	—	—	—
6	[illegible]	485	18,224 – –	18,181 15 5	42 4 7	—	—	7 11 11
	TOTAL £.		670,916 – –	665,146 13 –	4,899 7 –	—	—	7 11 11
	CLASS VII. MISCELLANEOUS.							
1	[illegible]	491	48,064 – –	47,930 5 10	133 14 2	—	—	—
2	[illegible]	503	5,498 – –	*643 18 11	6,141 18 11	—	3,876 2 3	—
3	[illegible]	507	90,000 – –	90,000 – –	—	—	—	—
4	[illegible]	510	10,000 – –	24,189 19 9	15,810 – 3	—	—	—
5	[illegible]	512	30,000 – –	30,000 – –	—	—	—	—
6	[illegible]	513	993 – –	993 2 5	– 17 7	—	—	—
7	[illegible]	514	18,759 – –	18,758 14 10	– 5 2	—	—	—
8	[illegible]	515	10,000 – –	10,000 – –	—	—	—	—
9	[illegible]	517	7,500 – –	7,500 – –	—	—	—	—
10	[illegible]	519	4,114 – –	3,846 6 10	267 13 2	—	133 13 10	—
	TOTAL £.		254,931 – –	242,576 10 9	22,354 9 3	—	4,009 16 1	–

* Surplus of Appropriations in Aid over Gross Expenditure.

APPENDIX, No. 2.

PAPER handed in by Mr. *G. L. Ryder*, C.B., 6 March 1895.

TREASURY MINUTE on the SECOND REPORT of the COMMITTEE of PUBLIC ACCOUNTS, 1894, relating to ARMY and NAVY ACCOUNTS for 1892–93.

(13,701–94.)

18 October 1894.

MY Lords have before them the Second Report of the Committee of Public Accounts, 1894, dealing with the Army and Navy Accounts for the year ended 31st March 1893. They also read paragraphs 1 to 5 of the First Report of that Committee, relating to the excess on the Ordnance Factories Vote, 1892-93, and paragraphs 47 to 52, and 55 to 57, of the Fourth Report, relating to deviations from an Estimate, and charitable gifts of stores, respectively. Their Lordships are pleased to give the following directions on these papers.

I.—WRITE TO THE FINANCIAL SECRETARY TO THE WAR OFFICE.

Sir,

THE Lords Commissioners of Her Majesty's Treasury direct me to enclose, for the information of Mr. Secretary Campbell-Bannerman, a copy of paragraphs 1 to 43 of the Second Report of the Public Accounts Committee, 1894, relating to the Army Accounts for 1892–93, and to make the following observations thereon :—

ARMY APPROPRIATION ACCOUNT, 1892-93.

Section 1.—*Indian Home Effective Charges.*

The Committee were informed that the capitation rate of 7*l.* 10*s.* per annum, exclusive of deferred pay, which has been accepted as a *modus vivendi* for the years 1890-91 to 1893-94, would not improbably be continued for the present. In due course, my Lords would be glad to learn whether the Secretary of State is in favour of proposing to the India Office the same rate for the current year. Q. 813.

Section 2.—*Gratuities to Injured Volunteers.*

My Lords agree with the Committee that, in awarding gratuities to Volunteers injured in a railway accident, regard should be had to any compensation recoverable from the railway company. The Volunteer Regulations (Clause 627) name a maximum daily compensation, and seem to permit the Secretary of State to grant any less sum that the circumstances justify.

Section 3.—*Decorations for Volunteer Officers* (*and Deviations from Estimate, generally*).

The Committee intimate that, although the charge of this service to savings on the Volunteer Vote was justifiable, some other possible course might have been better. If the meaning be that it would have been better to have presented an unnecessary Supplementary Estimate for a service approved by the House of Commons and falling within the four corners of the Vote, on which there were sufficient savings to pay for it, my Lords believe that further consideration would lead the Committee to modify this opinion. But, had the charge been foreseen in time, specific provision would properly have been made for it in the Original Estimate.

In this connection, my Lords direct me to append a copy of paragraphs 47 to 52 of the Fourth Report of the Committee, on the power of the Treasury to sanction deviations from the details of an Estimate, within the aggregate total of a Vote. Their Lordships entirely concur in the views therein expressed, and note that the Committee support the course taken by this Department in regard to payment for the above decorations. (Deviations from Estimates).

The famous Churchward Mail Contract case affords striking confirmation of the doctrine that a Vote is legally applicable to any service covered by the terms of the Resolution granting the Vote, even though no mention of that service be made in the details of the Estimate. In the case referred to Her Majesty's Government had made a mail contract, in 1859, which was subsequently condemned by a Select Committee, and by the House of Commons, after a debate and division. Nevertheless, the Law Officers of the Crown held that the contractor could require payment under his contract out of any general Vote for Packet Service, even though no specific provision was made for the payment in the details of the Estimate. In order, therefore, to bar the contractor's claim, a distinct prohibition to use the Vote for payments to Mr. Churchward under the obnoxious contract was, by the advice of the Law Officers, inserted in the Annual Resolution of the Post Office Packet Service Vote, and remained in it from 1863 until 1875, inclusive.

Section 4.—*Aden Defences Account.*

The transaction referred to in this paragraph cannot be understood without reference to paragraph 10 of the Report of the Comptroller and Auditor General on the Army Appropriation Account, and paragraph 4 of his Report on the Imperial Defence Act, 1888 (Ports and Coaling Stations), Account for 1892-93.

The cost of the works of defence carried out by India at Aden is equally divided between British and Indian funds. The British share of the cost, other than freight of stores, is charged to the Imperial Defence Loan, and the British share of freight is charged to Army Vote 6.

It appears that in 1892-93 the War Department paid to India from the Loan Account 7,000*l.* as an instalment in respect of cost of *works* at Aden, and charged to Vote 6, for *freight* of stores to Aden, 4,205*l.* 4*s.* 5*d.* But out of the latter sum 3,344*l.* 13*s.* 4*d.* had not been actually paid by the War Department to India, but had been only recorded as due to India in the War Office Ledger.

The Comptroller and Auditor General correctly recommended the disallowance of this sum of 3,344*l.* 13*s.* 4*d.* as a charge against Vote 6, because it represented an undischarged liability to India which had not come in course of payment before the closing of the account. When, however, the actual payments to India from Vote 6 and the Loan Account are taken together, thus :—

	£	s.	d.	£	s.	d.
From Vote 6 for freight - - - - - - - - -	4,205	4	5			
Less - - - - - - - - - - - -	3,344	13	4			
				860	11	1
From Loan Account, for works - - - - - - - - -				7,000	–	–
TOTAL - - -				£. 7,860	11	1

they prove to equal the claims that can be properly admitted by the War Department in the year on account of Aden Defences, viz. :—

	£.	s.	d.
For freight - - - - - - - - - - - - -	4,205	4	5
„ works - - - - - - - - - - - - -	3,655	6	8
TOTAL - - -	£. 7,860	11	1

Instead, therefore, of disallowing the charge of 3,344*l.* 13*s.* 4*d.* against Vote 6, the arrangement approved by the Public Accounts Committee is, that an equal part of the payment of 7,000*l.* from the Loan Account shall be taken as representing a payment of 3,344*l.* 13*s.* 4*d.* for freight, chargeable to Vote 6, instead of as repayment for works, chargeable to the loan.

Accordingly, my Lords concur in the charge of 3,344*l.* 13*s.* 4*d.* being allowed against Vote 6, and disallowed against the loan.

Section 5.—*Rent of Rifle Range at Chipping.*

Had the Treasury known that the capital outlay would have considerably exceeded 1,500*l.*, no doubt their Lordships would have been all the more disposed to press for a long lease, and might not have been satisfied with 21 years.

At the same time, my Lords feel assured that no information was intentionally withheld; and the omission to correct the Original Estimate, though to be regretted, cannot be held to invalidate the sanction given for the original hiring.

Section 6.—*Explanations of Differences between Estimated and Actual Receipts and Expenditure.*

It is by no means easy to lay down rules as to the extent of these explanations. But general terms which do not give any clue to the real causes of difference should be avoided whenever it is possible to give a precise explanation in a small compass.

Section 7.—*Balance Sheets of the Inspection Department.*

Q. 372-5. My Lords are uncertain whether the Secretary of State is opposed to attaching these balance sheets (or rather expense accounts) to the Appropriation Account, in any case, or proposes to introduce some changes of administration which he believes will render them unnecessary. At present there is no published record of the cost of labour employed, and value of stores expended, by the Department, and no complete information is given to Parliament of the expenditure on inspection from other Army Votes than Vote 9, nor of the expenditure that is recoverable from other Departments. My Lords do not know why this defect is not remedied in accordance with the wishes of the Public Accounts Committee.

Section 8.—*Brennan Torpedo Factory Balance Sheet.*

My Lords record that they approved of the form of this balance sheet in their letter of 31st July 1894.

Section 9.—*Recovery of Cost of Warlike Stores supplied to Colonies and Contractors.*

I am to ask that my Lords may be furnished with an explanation of the arrangements by which the Secretary of State hopes to avoid losses by under-estimate, and delay in claiming repayment.

Section 10.—*Charitable Grants of Stores.*

It will be observed that the Committee hold that the proper course would have been to transfer the charge of the gifts of stores for the relief of sufferers by the earthquake at Zante to Civil Votes by presenting a Supplementary Estimate for the amount. The Secretary of State will perceive, however, from the annexed copy of paragraphs 50 to 52 of the Fourth Report of the Committee, that this view is hardly consistent with the conclusions expressed in the last of those paragraphs in the opinion of the Treasury that it is imperative on the Department, whose officers are responsible for such gifts not only to report them to the Treasury, but to record them in the Appropriation Accounts. A transfer of the charge to Civil Votes would withdraw the record from the Appropriation Account of the responsible Department.

Section 11.—*Under-Estimates of Proceeds of Sale of Old Stores.*

The Secretary of State will, no doubt, cause returns of this kind to be more precisely explained in future.

Sections 12, 13.—*Quasi-outside Charges for Buildings (Wooden Hut Racks).*

As recommended by the Committee, my Lords now give their covering sanction to the charge against Vote 10 of 4*l.* 18*s.* 2*d.* for the hut racks at Woolwich, and feel sure that the Secretary of State will be prepared to act upon the suggestion of the Committee as to apprising Parliament of modifications of the building programme of the year that may be determined upon before the Works Vote has been taken.

(*Cape Town Barracks Repairs.*)

The sum of 1,000*l.* was taken for this service in an item in Vote 10, Part III., of 68,847*l.* for barrack repairs in the Colonies generally, the details of which item were not communicated to Parliament or to the Treasury. It cannot, therefore, be said that Parliament had consciously provided for the service in Vote 10. The Treasury, however, had been made aware by the War Department of the presence of this 1,000*l.* in the item, and had agreed to its transfer therefrom to Part I. under a recent ruling that repairs costing 1,000*l.* or over ought to be provided for in that part. No other method of charge, therefore, ought to have been adopted without Treasury concurrence.

My Lords, however, agree that, as the Cape Town Barracks are being reconstructed out of the Barracks Loan, the expenditure of 139*l.* 15*s.* 7*d.* for repairs to Block C. may remain charged to that Loan also, and need not be removed to Vote 10, as the Comptroller and Auditor General at first suggested.

Section 14.—*Payments not made in the Financial Year.*

A payment cannot, by simple antedating, be brought into legitimate charge against the Vote for a year in which the payment neither became due nor was actually made. No doubt this rule may entail inconvenience when its effect is to throw a charge off the year in which Parliament has provided for it on to a year in which no provision has been made for it. But no other ruling would be consistent with Section 24 of the Exchequer and Audit Departments Act, 1866.

In accordance, therefore, with the decision of the Committee, the following charges must be disallowed against the Army Appropriation Account for 1892–93, and the amount thereof must be added to the net saving surrenderable to the Exchequer, viz. :—

	£.	*s.*	*d.*
For purchase of property in the Isle of Wight	1,104	18	5
For other purchases	232	5	11
Ditto ditto	90	–	–
TOTAL	£.1,427	4	4

Section 15.—*Exchanges of Land.*

The Committee observe on the absence of information to Parliament when such exchanges involve no money payment. It seems to my Lords that information might be conveniently given by means of notes in the yearly Appropriation A count under Vote 10 ; and they would ask whether the Secretary of State concurs in the adoption of this course.

Section 16.—*Pension Frauds.*

A periodical identification of the pensioners independently of the paying officer, and an arrangement with Registrars for a speedy communication to the authorities of the deaths of pensioners, will no doubt prove to be valuable safeguards against fraud.

Section 17.—*Valuation of Reserve Stores.*

My Lords are glad to note that the limited test applied by the Comptroller and Auditor General for some years to the Valuation Statements of Stores in Reserve Depôts continues to yield fairly satisfactory results.

Net Surplus to be Surrendered to the Exchequer.

On 24th March last, my Lords directed the surrender of the net surplus of 58,427*l.* 14*s.* 3*d.* shown on the Army Appropriation Account for 1892–93, by writes off of 962*l.* 2*s.* 10*d.* from Army Votes for 1892–93, and 57,465*l.* 11*s.* 5*d.* from Army Votes for 1893–94.

Their Lordships will now direct a further surrender in respect of charges disallowed on the Account of 1,427*l.* 4*s.* 4*d.*, by writes off of 634*l.* 8*s.* 7*d.* from Army Votes for 1893–94, and 792*l.* 15*s.* 9*d.* from Army Votes for 1894–95. Thus the total surrender on the Account for 1892–93 will be 59,854*l.* 18*s.* 7*d.*

STORE ACCOUNTS OF THE ARMY, 1892–93.

Sections 18, 19.—*Regimental Equipment Accounts.*

Their Lordships will be interested to learn in due course what conclusion has been arrived at by the Secretary of State in regard to the adoption of a proportionate scale of charge to Regiments, for losses or unfair deterioration of equipments, based on the unexpired portion of the period of legitimate wear at the date of the loss of the stores or of their return as unserviceable. They would also be glad to know what check is to be introduced against the premature return of serviceable stores.

Section 20.—*Stores Issued on Repayment.*

It is obvious that if there are four classes of stores, valued respectively at, say, 6*l.*, 9*l.*, 16*l.*, and 25*l.* a ton, it would be erroneous to conclude that any one of those classes might be issued at the valuation of 14*l.* a ton, simply because that is the mean value of the four classes. My Lords would ask how the objection raised by the Comptroller and Auditor General has been met.

Section 21.—*Transfer of Stores to Admiralty.*

As my Lords understand this matter, the value of one-tenth of vocabulary prices was recommended by an inter-departmental committee and approved by the Treasury, in 1892, as fairly representing the probable sale value as old stores of stores which either the War Department or Admiralty regards as obsolete, and does not care to keep, whilst the other Department is willing to take them on the chance of their one day becoming useful. Such a valuation was not meant to be applied to new stores transferred from one Department to another, and identical with stores which the receiving department is buying in the open market for current use.

From paragraph 87 of the Second Report, it will be seen that the Public Accounts Committee doubt the correctness of the use of the one-tenth valuation, and my Lords hope that the subject will receive further consideration.

Section 22.—*Stock-taking.*

The question of a stock-taking, independent of the War Office, is dealt with in the Fourth Report of the Committee, regarding which my Lords will address to you a separate letter.

Military Forces Localization Account, 1892-93.

Section 23.—My Lords need only remind the Secretary of State that the latest date to which they have consented that this Loan Account should be kept open is the 31st March 1895.

Barracks Act, 1890. Account, 1892-93.

Section 24.—The Secretary of State will observe that this account is approved as it stands, including the Cape Town Barrack repairs.

Imperial Defence Act, 1888 (Ports and Coaling Stations) Account, 1892-93.

Section 25.—The Committee refer to the disallowance of charges for Pontoon Sheers and Telegraph Bay Battery, amounting to 566*l.* 19*s.* 8*d.*, in accordance with paragraph 4 of the Comptroller and Auditor General's Report. This sum, however, is included in the larger disallowance of 3,344*l.* 13*s.* 4*d.*, which, as explained in an earlier part of this letter, is to be made upon this Loan Account instead of on Vote 6 of the Appropriation Account.

The true charge against the Loan, therefore, in 1892-93 is 262,364*l.* 9*s.*, and the unexpended balance on 31st March 1893, was 235,908*l.* 8*s.* 10*d.*, out of the total loan of 2,600,000*l.*

The date for closing this account, as now fixed, is 31st March 1895.

Ordnance Factories Appropriation Account, 1892-93.

Section 26.—*Excess over Total Estimate of Gross Expenditure.*

In connection with this excess, my Lords enclose a copy of paragraphs 1 to 5 of the First Report of the Committee (Sessional p. 34 of 1894) which explain the method in which it has been made good in more detail and they would take this opportunity of rectifying a technical error into which the Committee have fallen in the third of those paragraphs.

The token excess Vote for 1892-93 of 100*l.*, and the sum of 2,417*l.* 16*s.* 11*d.*, by which the actual appropriations in aid, and the original Vote of the year, exceeded the actual gross expenditure, have not been paid into the Treasury, as stated by the Committee, but have been credited to the Ordnance Factories Supplies Suspense Account in the books of the War Department as a set-off against the deficits of previous years, standing to the debit of the same account.

My Lords need hardly say that this method of dealing with the surpluses and deficits on the Appropriation Account of the Ordnance Factories distinguishes it from all other Appropriation Accounts.

Section 27.—*Excess over Estimated Expenditure on Machinery.*

The Estimate for 1892-93 provided 27,000*l.* for machinery obtained by Contract (sub-head D); and in a footnote Parliament was informed that the expected expenditure on machinery made in the factories was 15,000*l.* The latter expenditure was provided for, indistinguishably, under Establishments (A), Wages, &c. (B), and Materials (C), and under the rules in force when the Estimate was prepared no sanction was required by the War Department for spending more than 15,000*l.*, on home-made machinery, except so far as it might involve an excess on a sub-head.

The estimated and actual expenditure on machinery was as follows —

——	Estimate.	Actual.	More than Estimate.	Less than Estimate.
	£.	£. s. d.	£. s. d.	£. s. d.
Home-made - -	15,000	35,127 6 2	20,127 6 2	—
Contract - - -	27,000	20,460 8 10	—	6,539 11 2
		Net Excess - -	£. 13,587. 15.	

My Lords do not think that this excess requires any further sanction than has been indirectly conveyed by the Treasury approval of the application of surpluses on certain sub-heads to meet deficits on others and by the excess Vote obtained from Parliament.

Under the new regulations, however, which provide for a distinct estimate of incomings and outgoings in respect of capital, any excess on estimated expenditure for contract machinery and home-made machinery, respectively, will as such require express Treasury sanction.

Chelsea Hospital Account, 1892-93.

Section 28.—*Pensioners' Pocket-money.*

My Lords have already decided that the payment of an extra penny a day a head to in-pensioner drummers and privates, out of the rents of the Gordon House Estate, need not be made a ground for reducing the Parliamentary provision for in pensioners pay. From the reign of William the Third until 1806 the pocket money of these in-pensioners provided from Army Votes was 10*d.* a week for drummers and 8*d.* a week for privates. By the Royal Warrant of 12th August 1806 it was fixed at 8*d.* a day for drummers and 2*d.* a day for 1st Class privates, 1½*d.* a day for 2nd Class, and 1*d.* a day for 3rd Class. The penny a day now added by the Chelsea Hospital Commissioners does not seem to call for any abatement from that scale.

Section 29.—*Appropriation of the Capital of the Hospital.*

The Committee suggest in this and the preceding paragraph that some check not now existing should be placed on the right of the Hospital Commissioners to expend any part of the corpus or capital of the Hospital.

My Lords presume that the suggestion was occasioned by the fact that the Commissioners appear to have sold out Consols representing accumulations of rent and standing to the credit of the Army Pious Fund in order to obtain the means of paying the extra 1*d.* of pocket money until the full rent of Gordon House was realized. My Lords would be glad to learn the views of the Secretary of State as to the need of further control in this respect.

ARMY CLOTHING FACTORY MANUFACTURING ACCOUNTS, 1892–93.

Section 30.—*Propriety of setting a "Store Surplus" against a "Factory Deficiency."*

On taking stock it was discovered that the number of part-worn greatcoats in the hands of the factory was less than it ought to have been, and that the number of new greatcoats in the store was more than it ought to have been.

It seems to my Lords that unless there was some apparent relation between the deficiency and the surplus, the two should have been recorded separately, instead of carrying the net difference in value only to the balance sheet. But they request to be furnished with the observations of the Secretary of State on the point.

ORDNANCE FACTORIES MANUFACTURING ACCOUNTS, 1892–93.

Sections 31–35.—*Departmental Committee on the Administration of the Factories.*

My Lords share the desire of the Public Accounts Committee and of the Comptroller and Auditor General, that this Departmental Committee should complete its work without any unnecessary delay, and with due regard to the suggestions of that officer. But there are obvious reasons for proceeding cautiously, and carefully weighing the cost of measures of theoretical utility, against their probable practical results, before they are adopted. Proof of the exact cost of each step in the production of an article, consisting perhaps of many hundred parts which have to be manufactured separately, may be bought at too dear a price; and whilst my Lords will be prepared to give their best consideration to any moderate proposals of expenditure upon improvements of system, they certainly could not listen to a scheme that involved anything like such an outlay as 20,000*l.* per annum.

Sections 36–39.—*Royal Gun Factory.*

Their Lordships would be glad to receive any remarks that the Secretary of State may wish to make regarding (*a*) progress with the centralisation of factory records, to which the Committee attach importance; (*b*) increased accuracy in the stock-taking of semi-manufactured remains; and (*c*) the avoidance of errors in the adjustments of half-wrought material in departmental store ledgers.

Section 40.—*Torpedo Factory.*

My Lords concur with the Committee in recommending a conference between the Director General of Ordnance Factories and the Comptroller and Auditor General as to the most practical system of arriving at the cost of manufacturing a torpedo in the absence of piece-work ledgers. Their Lordships would be glad to learn the result in due course.

Sections 41, 42.—*Royal Laboratory.*

The employment of independent worktakers, who report direct to the Central Office, seems to be on a satisfactory footing.

I am to ask what has been the result of the inquiry into the unexplained increase in the cost of certain shell.

Section 43.—*Comparison of Factory Cost with Contractors' Prices.*

The Committee seem to agree that the Comptroller and Auditor General ought not to undertake to make this comparison, unless he be allowed to communicate the particulars to Parliament, and that the publication of such particulars might involve a breach of faith with contractors. Nevertheless they wish my Lords to reconsider the question in concert with the War Office. My Lords will be glad to hear whether the Secretary of State can suggest any practicable compromise.

I am, &c.

II.—WRITE TO THE SECRETARY OF THE ADMIRALTY.

Sir,

THE Lords Commissioners of Her Majesty's Treasury direct me to transmit to you, for the information of the Lords Commissioners of the Admiralty, the enclosed copy of paragraphs 44 to 101 of the Second Report of the Committee of Public Accounts, 1894, relating to the Navy Accounts for the year ended 31st March 1893, together with the following observations thereon:—

NAVY APPROPRIATION ACCOUNT, 1892–93.

Section 44.—*Sanction to the Application of Surpluses to meet Deficits.*

My Lords record that this sanction was formally given by a letter dated the 15th August 1894, which is printed in the Appendix to this Minute.

Sections 45–49.—*Habitual Over-Estimate of Certain Votes.*

My Lords need add little to the remarks of the Committee on this subject. As regards both Vote 8 III., Contract Shipbuilding, and Vote 10, Works, their Lordships can understand the desire of the Admiralty to make an outside estimate for each item of the programme of the year, because of the difficulty of foreseeing which of them it may not prove desirable to push forward, or on which of them contractors may not turn out to have been unusually accurate in their forecast. In such cases a full estimate might be made in detail, but a deduction for probable over-estimate could be made from the total of the sub-head. By such means, and by keeping contractors more closely to their promises, my Lords think that the habitual over-estimate of these particular votes might be much reduced. *Vide* p. 38 of Civil Service Estimates, 1894–95.

As regards the "urgency" to which the Committee allude in their 49th paragraph, as required by the Appropriation Act to justify the use of savings on one vote to meet a deficit on another, it is not easy to bring the case of using surpluses to cover automatic excesses, or excesses that are not discovered until the close of the year, into precise consistence with the terms of Section 4. A strict observance, however, of the regulations prescribed by Treasury Minute of 20th August 1889 will afford the best guarantee that the intention of Parliament is fulfilled as closely as practicable.

Section 50.—*Indian Squadron Arbitration.*

The Committee again refer to the delay that continues in bringing this matter to a settlement. My Lords deeply regret that they cannot yet record any further step towards the desired end. The Board of Admiralty, for the current year, again estimate the amount of the Indian Squadron subsidy at what they hold that it ought to be, not at what the Indian Government is paying, as the Treasury had suggested; and they alone must be held responsible for the consequent falling short in Appropriations in Aid, and possible deficit in Navy Votes, 1894–95.

Section 51.—*Australasian Squadron Contribution.*

My Lords unite with the Committee in regarding the fact that this contribution will always fall short of the actual cost of the squadron, as an additional motive for economy

Section 52.—*Credit of Value of Cloth to Sub-Head M. of Victuals and Clothing Vote.*

By a letter of 25th August 1894, my Lords signified their approval of the arrangements made for the issue of materials to contractors for making up clothing, and the credit to Sub head M. (Seamen's Clothing, &c.) of Vote 2 of the payments made for the same by contractors.

The gross expenditure and repayments under the Sub-head will be shown in an inner column of the Annual Appropriation Account.

Articles of boys' clothing are requisitioned from the contractors by the commanders of training ships, who at the same time inform the superintendent of the nearest victualling yard. That superintendent then issues to the contractor, on prepayment, sufficient materials for the garments demanded. Articles of men's clothing are estimated and contracted for at the commencement of the year, and the materials are issued on the requisitions of the contractors, which are necessarily regulated by the orders given for making up the clothing. Thus the issues of materials and credits to the Sub-head will depend on the current requirements of business and cannot lend themselves to "financing," so long as the regulations are observed.

Section 53.—*Rent of the Royal Naval College, Greenwich.*

My Lords gather from the remarks of the Committee that they consider that the payment of the increased rent for 1892–93, in which year no provision had been made for it, out of savings on Vote 5, was within the competence of the Admiralty with Treasury sanction, and accorded with the wishes of Parliament.

(Deviations from Estimates.)

On this subject I am to enclose a copy of paragraphs 47 to 52 of the Fourth Report of the Committee, relating to the power of the Treasury to sanction deviations from the details of an estimate, within the aggregate total of a vote. My Lords entirely concur in the views expressed in these paragraphs, and note that they support the action taken by this Department in regard to the rent of the Royal Naval College.

Section 54.—*Compensation to Royal Naval Artillery Volunteers, on Disbandment.*

The large excess on the provision for this service was sanctioned by the Treasury in order to save the persons concerned from serious inconvenience, and my Lords understand the Committee to hold that the course was justified.

Section 55.—*Overtime at Malta Dockyard.*

My Lords can understand that at places abroad where the supply of skilled labour is very limited, overtime may be necessary for meeting sudden and urgent demands, to a degree that is not experienced at home yards. So far as their Lordships can judge, the rules on the subject communicated in the Admiralty Letter of March last are calculated to prevent abuse.

Sections 56 and 58.—*Excesses sanctioned by Treasury.*

In paragraph 56, the Committee speak of an excess on Sub-Head B., Metals, of Vote 8 II., which caused an excess also on the total Vote, and therefore required the exercise of the power given by Section 4 of the Appropriation Act. In paragraph 58, they treat of an excess on Sub-Head D., Purchase of Ships, of Vote 8 III., which was met out of savings on that Vote generally, and therefore required no recourse to Section 4.

My Lords, as required by Section 4, were satisfied that, in the case of the first of the above excesses, the public service might have suffered detriment, if the purchases causing the excess were postponed to another year. In the second case, where the excess was on a Sub Head only, not on the total Vote, its occurrence has been left by Parliament entirely to the discretion of the spending department and the Treasury. But in dealing with such cases my Lords always base their decision on considerations of the public interest and convenience, which can hardly be involved without the existence, in a true sense, of some degree of "urgency."

The Committee have in mind apparently the different manners in which the two classes of excesses are dealt with, when they speak of "this setting up of degrees in urgency," in the Treasury Letter of 15th March 1893.

Section 57.—*Claim for unfinished Work on the "Blenheim."*

My Lords may record that the waiving of this claim against the contractors was authorised by their letter of 2nd May last.

Sections 59–61.—*Naval Armaments, "Dockyard" and "Normal."*

The Committee seem content with the explanation afforded to them of the simultaneous excess on "Dockyard" armaments under the Naval Defence Act, and saving on "Normal" armaments, over which precedence is given to the former by contractors.

Section 62.—*Advances to Contractors for certain Guns.*

My Lords record that, in their letter of 1st May last, they intimated the opinion that no interest need be charged on these advances, although they were not specifically provided for in the contract, because they were such as had been usually made under an older form of contract, and had been reckoned upon by the contractors when making their tenders.

Sections 63–64.—*Responsibility for Test and Inspection of Naval Warlike Stores.*

Their Lordships shared the anxiety of the Committee for a definite expression of opinion of the Board of Admiralty as to whether they are prepared to accept that responsibility for the test and inspection conducted by the War Department on their behalf which seems necessarily to attach to a principal who employs an agent for such a purpose, and properly belongs to the Department "charged with the expenditure" of the Naval Armaments Vote.

My Lords are therefore glad to learn from your letter of the 13th October 1894 that the Admiralty, "in accepting the inspection of the Director of Artillery as its agent, accepts the responsibility for such inspection to the same extent as if it were conducted by its own officers."

Section 65.—*Claim for Productions of the Ordnance Factory, Woolwich.*

Errors in the claim can only be obviated by Arrangements in the factory, but the Admiralty can see that no articles are paid for which have not been duly delivered and taken over on their behalf, and will no doubt, take precautions for this purpose.

Section 66.—*Steam Launch Purchased for Works Department.*

The purchase of this launch was sanctioned by Treasury Letter of 17th February last. The Board of Admiralty will note the desire of the Committee that such purchases should be specifically provided for in future estimates.

Section 67.—*Transfer of Stores from one Work to another.*

It seems to my Lords that, apart from the technical objection adverted to by the Committee in the particular case, it is questionable whether, in certain classes of cases, such transfers of stores should be made the subject of transfers of cash from one item of the works estimate to another. A due record should be made of the transfer on the Appropriation Account, but, as decided in a case at Malta Yard by Treasury Letter of 16th June 1894, the record need not always assume a pecuniary form.

Section 68.—*Claim on the Mercantile Marine Fund.*

The claim of the Admiralty against the Mercantile Marine Fund for rent of premises used for the storage of life-saving apparatus will not be lost sight of; but, as explained in the letter from this Department of 20th April 1894, it cannot be settled otherwise than in conjunction with many other claims, both for and against the Fund. The question of the relations of the Fund to Votes of Parliament is full of difficulties, and is not likely to be settled until the completion of the inquiry about to be undertaken by an Inter-Departmental Committee into the financial condition of the Fund, and its relation to Votes of Parliament.

Section 69.—*Lake Nyassa Flotilla.*

My Lords are glad to learn from the Admiralty Letter of 31st August last, that existing arranegements for the maintenance of these vessels out of Navy Votes may be allowed to continue until the 31st March next, after which date it is intended to provide for them as part of the current expenses of the British Central Africa Protectorate.

Section 70.—*Delay in replying to Audit Office Queries.*

My Lords think it very important that the Comptroller and Auditor General should, whenever possible, be furnished with the information for which he asks in time for him to use it in his report on the account concerned. In their Lordships' opinion it is a mistake on the part of a Department to reserve their answers to queries until the Public Accounts Committee takes evidence upon them.

Surplus on the Navy Appropriation Account to be surrendered.

According to the Appropriation Account for 1892–93 as rendered, a net deficit is shown of 85,748*l.* 11*s.* 3*d.*, but, as explained in paragraph 33 of the Report of the Comptroller and Auditor General, this deficit, after adjustment with the Naval Defence Account, is converted into a surplus of 191,876*l.* 5*s.* 3*d.* On 24th March last my Lords caused this surplus to be surrendered to the Exchequer, by writing off 529*l.* 18*s.* 11*d.* from Navy Votes for 1892–93, and 191,346*l.* 6*s.* 4*d.* from Navy Votes for 1893–94.

Naval Defence Act, 1889, Accounts, 1892–93.

Sections 71–75.—*Excesses of Expenditure over Estimates for individual Ships.*

The Committee recite various passages from the Treasury Letter of 16th April last, and appear to be satisfied that the provisions of the Naval Defence Acts, 1889 and 1893, have been complied with so far as circumstances would permit. My Lords do not think that they need add anything to that letter.

There is an obvious miscast of 10*l.* in the total of the figures given in paragraph 72.

Section 76.—*Treasury Naval Defence Account*, 1892–93.

The omissions referred to will, by my Lords' direction, be made good in the Account for 1893–94.

Adjustment between the Naval Defence Account and the Appropriation Account, 1892–93.

My Lords record that they directed this adjustment by a letter dated 25th April last, a copy of which is included in an Appendix to this Minute.

Dockyard Expense and Manufacturing Accounts, 1892–93.

Sections 77–78.—*Test Comparison of Stock Valuation with Store Ledgers.*

The check afforded by a comparison between independent records of quantities and values of stores received and issued seems to my Lords to be of great importance, and they are glad to note that the Comptroller and Auditor General can report that these test comparisons, so far as they go, "appear to be usefully meeting the purpose for which they are designed." Perhaps the use of them might be extended with advantage.

Section 79.—*Discontinuance of certain Conversion Balance Sheets, &c.*

By letter of 14th April 1894, my Lords gave their covering sanction to the experimental discontinuance of the cost books and annual balance sheets at certain conversion shops, where manufacture for store was slight in comparison with work on repairs and direct work for ships. The Comptroller and Auditor General points out that the effect is to withdraw from his purview differences in the cost of production of similar items of stock at the various yards, and possibly to obscure results on which rate-book values are fixed. My Lords think it probable that his objections may be removed if the Board of Admiralty, as intimated in their letter of 29th September 1894, will revive the discontinued accounts so far as regards certain of the more important articles of manufacture only.

Section 80.—*Errors in Stock Valuation Return, Malta.*

My Lords trust that the precautions taken will prevent a recurrence of these mistakes.

Sections 81–83.—*Programme and Performance in Shipbuilding.*

Departures from the programme, which do not involve the commencement of new ships not included in the programme, and which do not entail an excess on a sub-head of the programme, may be made without Treasury sanction, but may nevertheless form a legitimate subject of comment by the Comptroller and Auditor General, and should be adequately explained by the Admiralty.

GREENWICH HOSPITAL ACCOUNTS, 1892–93.

Section 84.—*Additional Age Pensions to certain Seamen.*

In this paragraph the Committee comment on a payment from Navy Votes to Greenwich Hospital which took place in 1893–94 and, as the Committee suppose, in 1892–93 and had no connection with the accounts before them. It is unnecessary for my Lords to make any remark upon the matter, and the Committee seem to allow that the payment was legitimate.

Section 85.—*Payments to Assistant Masters out of Science and Art Department Grants.*

My Lords think there is fair ground for the view taken by the Committee that these payments do not require the authority of an Order in Council. The grants by the Science and Art Department are external to the property and normal income of the Hospital which Parliament intended to protect by the machinery of Orders in Council and external also to the salaries of the Masters fixed by such Orders.

STORE ACCOUNTS OF THE NAVY, 1892–93.

Section 86.—*Variations in Stocks of Shipbuilding Stores.*

My Lords concur in the proposal to annex to Vote 8, II., in the Annual Appropriation Account, a statement showing the chief causes that have affected the increase or decrease of the stock of shipbuilding stores during the year.

Section 87.—*Valuation of Stores transferred from the War Office to the Admiralty.*

In a letter to the War Office of even date, my Lords are expressing the opinion that the one-tenth of vocabulary prices was intended for stores regarded as obsolete, but which the Receiving Department thinks it worth while to take into stock in the hope that use may at some future time be found for them. New stores of the same kind as the Receiving Department is buying in the open market for current use should be charged at their full value. Their Lordships would be glad to learn whether the Board of Admiralty concur in this view.

Sections 88–90.—*Defects in Store-accounting at Chatham.*

My Lords are pleased to hear that the Board of Admiralty have taken steps to prevent the recurrence of these irregularities.

Section 91.—*Robbery of Metal Articles at Portsmouth.*

The Committee desire that the special attention of the Admiralty should be called to the necessity of maintaining the independence and efficiency of the police staff at the yards. My Lords are sure that the importance of this consideration is realised by the Board. Possibly the end in view might be contributed to by a periodical transfer of police from yard to yard.

Section 92.—*Faulty Timber passed at Dantzic.*

The Board of Admiralty are no doubt alive to the necessity of great care being exercised by inspectors in passing timber at foreign ports.

Sections 93–95.—*Receipts given for Stores not issued.*

The Board of Admiralty will note the strong views entertained by the Committee as to the impropriety of the acceptance by a storekeeper of a discharge voucher for stores without issuing the full amount of stores demanded in it, or recording the partial issue upon it. No doubt the practice opens the door to serious fraud, and my Lords hope that it will now be entirely stopped.

Section 96.—*Storehouse Staff, Hong Kong.*

This paragraph refers to paragraph 7 of the Report of the Comptroller and Auditor General on the Dockyard Expense Accounts, 1892–93. The improvement of staff alluded to appears to be that sanctioned by Treasury Letter of 19th October 1893.

Section 97.—*Variations in Stocks of Victualling Stores.*

If my Lords are not mistaken, the explanatory statement desired by the Comptroller and Auditor General regarding stocks of Victualling Stores, corresponds to that referred to in paragraph 86 regarding Shipbuilding Stores. If so, their Lordships do not see why it should not be appended to the Appropriation Account, Vote 2, without any material expense.

Section 98.—*Condemnations of Stores involving Questions of Personal Pecuniary Responsibility.*

The particular condemnations referred to received the covering sanction of my Lords by Treasury Letter of 13th March last, and belong to a class which ought to be submitted to this Department.

Section 99.—*Stocktaking of Naval Ordnance Stores.*

The Committee here allude to the question whether this stocktaking should not be conducted by officers of some branch of the Admiralty that is quite independent of the Storekeeper General of Naval Ordnance. This question was referred to in Treasury Letter of 26th June last, to which no reply has yet been received from the Admiralty.

IMPERIAL DEFENCE ACT, 1888 (NAVAL SECTION) ACCOUNT, 1892–93.

Sections 100–101.—*Mode of adjusting the Excess.*

By the Act 51 & 52 Vict. c. 32, provision of [illegible] was made for building, arming, and equipping the Australasian Squadron.

This fund has proved insufficient for the completion equipment of some of the vessels which it was to be kept in reserve as can be provided for the rest of the squadron. Her Majesty's Government decided in 1892 that of war and [illegible] vessels Parliament be invited [illegible] the fund, and that the Board of Admiralty should be instructed to make it go so far as possible in completing the equipment, and to leave any deficiency in the equipment of those [illegible] vessels to be made good hereafter out of general stocks when the necessity arises.

In

In endeavouring to carry out this decision, it appears that the Admiralty placed on board one of the reserve vessels, the "Mildura," certain ammunition to the value of 3,977*l.* 13*s.* 6*d.*, which was more than the fund could afford to pay for, so that the account for 1892–93 shows an excess on the total fund to that amount.

The Public Accounts Committee incline to the opinion that Parliament should be asked to vote the excess by way of increase of the fund. But this would be contrary to the decision of Her Majesty's Government that the fund is not to be increased. As the ammunition was issued to the "Mildura" under a misapprehension, my Lords think that this over issue does not afford a sufficient justification for altering a determination arrived at after much deliberation on general administrative grounds; and their Lordships hope that, when the matter comes before the Committee on the Accounts for 1893–94, they will agree with this Department that, as all the circumstances have been fully explained to Parliament, the excess charge may be adjusted by returning the excess issue of ammunition into store, and charging the value to Vote 9.

I am, &c.

III.—WRITE TO THE COMPTROLLER AND AUDITOR GENERAL.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for your information, the enclosed copy of their Minute of to-day's date, on the Second Report of the Public Accounts Committee, 1894, relating to Army and Navy Accounts for 1892–93.

I am, &c.

APPENDIX.

(1.) APPROPRIATION OF SURPLUSES TO MEET DEFICITS ON NAVY VOTES, 1892–93.

(12,605–94.)

Sir, Treasury Chambers, 15 August 1894.

THE Lords Commissioners of Her Majesty's Treasury request you to remind the Lords Commissioners of the Admiralty that, in the letter from this Department of the 30th December last, respecting the Navy Appropriation Account for 1892–93, sanction to the temporary application of surpluses on individual votes to meet deficits on other votes was deferred until the Naval Defence Account for 1892–93 had been passed under review by the Comptroller and Auditor General and the Public Accounts Committee.

My Lords have now before them paragraphs 44 to 76 of the Second Report of the Public Accounts Committee, 1894, dealing with the Navy Appropriation Account and Naval Defence Act Accounts for 1892–93, and they need defer the sanction above referred to no longer.

The details given in paragraph 33 of the Report of the Comptroller and Auditor General on the Navy Appropriation Account show that the effect of the adjustments between that account and the Naval Defence Account, the carrying out of which was subsequently authorised by Treasury Letter of 25th April last, is to change the net deficit of 85,748*l.* 11*s.* 3*d.* shown on the face of the Navy Appropriation Account into a net surplus of 191,876*l.* 5*s.* 3*d.* This may be briefly explained thus :—

	£.	s.	d.	£.	s.	d.
Savings as shown in the Appropriation Account				309,270	1	6
Add sum due for dockyard armaments to Vote 9, from the Naval Defence Account				350,874	16	6
				660,144	18	–
Deficits shown in the Appropriation Account	395,018	12	9			
Add savings on three sections of Vote 8 due to Naval Defence Account	73,250	–	–			
				468,268	12	9
Net Surplus				£. 191,876	5	3

The result of the payment of 350,874*l.* 16*s.* 6*d.* from the Naval Defence Account to Vote 9 is to convert the deficit of 235,483*l.* 5*s.* 4*d.*, shown on that Vote in the Appropriation Account, into a surplus of 115,391*l.* 11*s.* 2*d.*

The consequence of the payment of 73,250*l.* from the three sections of Vote 8 to the Naval Defence Account is to reduce the net surplus of 138,728*l.* 16*s.* 7*d.*, shown on those sections in the Appropriation Account, to 65,478*l.* 16*s.* 7*d.*

Under these circumstances my Lords, in the exercise of the powers given to them by Section 4 of the Appropriation Act, 1892, give the following authorities.

Excesses of Appropriations-in-Aid realised.

My Lords sanction the temporary application in relief of the charge on Exchequer Grants of the following sums by which the Appropriations-in-Aid of certain Navy Votes for 1892–93 exceeded the estimate, viz. :—

		£.	s.	d.
Vote 1.	Wages	3,431	6	11
„ 3.	Medical	47	7	2
„ 5.	Educational	1,248	11	–
„ 7.	Reserves	11	13	5
„ 8 II.	Matériel	10,678	9	9
„ 9.	Armaments	11,935	15	1
„ 12.	Admiralty	2	–	–
„ 16.	Australasian Squadron	10,338	–	–
		£. 37,693	3	4

Application of Surpluses to meet Deficits.

My Lords also authorise the temporary application, so far as necessary, of the surpluses of certain Navy Votes to the defrayment of the deficits on other Navy Votes for 1892–93 including Irrecoverable Balances, which, subject to adjustment with the Naval Defence Account, are shown as follows in the Navy Appropriation Account, viz.:—

			£	s.	d.
Vote	2.	Victualling	8,483	1	5
,,	3.	Medical	6,435	9	8
,,	7.	Reserves	12,996	10	1
,,	8 I.	Personnel of shipbuilding	25,605	9	8
,,	8 II.	Matériel	65,206	13	5
,,	9.	Armaments	235,483	5	4
,,	11.	Miscellaneous	26,251	10	2
,,	12.	Admiralty	1,573	10	9
,,	13.	Half-pay	5,370	18	9
,,	14.	Naval and Marine Pensions	6,525	12	2
		Irrecoverable Balances	1,086	11	4
			£. 395,018	12	9

I am, &c.
(signed) *Francis Mowatt.*

The Secretary to the Admiralty.

(2.) Adjustment between the Navy Appropriation and Naval Defence Accounts, 1892–93.

(6606–94.)

Sir, Treasury Chambers, 25 April 1894.

I am to state, for the information of the Board of Admiralty, that the Lords Commissioners of Her Majesty's Treasury have had before them the 33rd paragraph of the Report of the Comptroller and Auditor General on the Navy Appropriation Account for 1892–93, explaining the adjustments that are necessary between that account and the Naval Defence Account, and they observe that his figures are corroborated by those shown on page 7 of the Naval Defence Accounts for the same year.

	£.	s.	d.
The amount due from the Naval Defence Account to Navy Services in respect of expenditure in excess of the provision of 300,000*l.* in Vote 9 for dockyard armaments (Purpose III. of the Naval Defence Act, 1889) in 1892–93 is	350,874	16	6
On the other hand, the amount due from Navy Services to the Naval Defence Account for savings on the provision of 2,217,471*l.* in the three sections of Vote 8 for dockyard shipbuilding (Purpose II. of the Naval Defence Act, 1889) in 1892-93 is	73,250	–	–
Leaving a net sum due from the Naval Defence Account to Navy Services of	£. 277,624	16	6

The Imprests already made to the Board of Admiralty from the Naval Defence Account are sufficient to cover the above net sum, but my Lords request that the requisite adjusting entries may be made in the Admiralty books.

I am, &c.
(signed) *Francis Mowatt.*

The Secretary to the Admiralty.

APPENDIX, No. 3.

PAPER handed in by Mr. *G. L. Ryder*, C.B., 6 March 1895.

PUBLIC ACCOUNTS COMMITTEE, 1894.

TREASURY MINUTE on First, Third, and Fourth Reports (Civil and Miscellaneous Accounts).

(17,130-94.)

Treasury Chambers, Whitehall, 15 December 1894.

1. MY Lords read the First and Third Reports of the Committee of Public Accounts, 1894, and such portions of the Fourth Report as refer to Civil and Miscellaneous Accounts. They have already referred in their Minute of the 19th ultimo (14,681-94) to paragraphs 31—46 of the Fourth Report, and in their Minute of the 18th ultimo (13,701-94) to paragraphs 1—5 of the First Report, and 47—52 and 55—57 of the Fourth Report.

FIRST REPORT.

Excesses.

2. Excesses amounting in the aggregate to 10,470*l.* 16*s.* 8*d.* were shown on the Appropriation Accounts, as rendered by the accounting officers of four votes. In all four instances there was an excess of extra receipts over the estimated appropriations in aid, which excess in three cases more than covered the excess of expenditure. Para. 6.

An excess vote was taken, covering each case, and authorising (i) the appropriation of additional receipts to the amount of 9,785*l.* 2*s.* 8*d.*, and (ii) additional (net) grants amounting to 685*l.* 14*s.*

In connection with these excesses, my Lords may mention that a circular was issued to the accounting officers of Public Departments on the 26th April last, giving additional instructions as to the form in which surpluses and deficits should be stated on the face of the annual Appropriation Accounts, when the accounts relate to services in aid of which extra receipts are appropriated.

THIRD REPORT.

General.

3. Paragraphs 4 to 10 of the Third Report of the Committee deal with the subject of securing Parliamentary control over extra receipts appropriated in aid of Exchequer grants. Paras. 4-10.

By Section 2 of the Public Accounts and Charges Act, 1891, statutory power was given to the Treasury, in general terms, to direct the application of extra receipts as appropriations in aid of moneys provided by Parliament for the various services; but it was pointed out by the Comptroller and Auditor General that, while the Appropriation Act of each Session brought together and limited the appropriation of the sums granted out of the Consolidated Fund for the expenditure of the financial year, there existed no Parliamentary recognition or limitation of the further sums which (under the statutory power above mentioned) were shown in the Estimates as intended to be applied in aid of, that is, in addition to the net Exchequer grants. The contention of the Comptroller and Auditor General, which was endorsed by the Committee, was at once admitted by the Treasury, and proposals were laid before the Committee on behalf of this Board for amending the wording of the Appropriation Act and its schedules, and for authorising explicitly year by year the application of the sums which are shown in the Estimates to be intended to be used as appropriations in aid. These proposale, which were framed in communication with the Comptroller and Auditor General, and received the approval of the Committee, were embodied in the Appropriation Act, 1894 (57 & 58 Vict. c. 59) in the form (a) of paragraph 3 of Section 3, and (b) of an additional column to those schedules of the Act which are affected by the system of appropriations in aid. The effect will be to limit the spending authority of the Departments, as regards appropriations in aid, in the same manner as it is now limited as regards Exchequer grants. Their Lordships are glad to think that the matter, which is one of some constitutional importance, has thus been settled in a manner which commands general agreement.

It may, however, be well to state that this change will not affect the recognised method of using, in reduction of issues out of the Exchequer, any receipts which may be in excess of the estimated appropriations in aid. Resort to that method by the Treasury in no way increases the spending power of the Department concerned; for, of course, it entails a corresponding saving on the grant, which saving has to be surrendered to the Exchequer by a write-off from the Exchequer grant.

In reviewing the alterations introduced into the 3rd Section of the Appropriation Act of last Session, my Lords are also led to observe that some consequential amendments may have to be made in the wording of Sections 4 and 5, in order that there may be no conflict of wording in the Act, nor any interference with the present practice in regard to excesses of appropriations in aid.

CLASS I.

4. With regard to unforeseen expenditure for new works on diplomatic and consular buildings, the Committee recognise that in some cases the amounts are trivial, and that the total number of these cases must be considered with reference to the total number of these buildings scattered over every part of the world. It is clear that individual cases of urgency must occasionally arise during a financial year, which could not be anticipated when the Estimate was being framed in the preceding financial year. Before sanctioning such unforeseen expenditure on new works within the limit of the Vote of Parliament, my Lords require to be satisfied as to the reasons for incurring expenditure not specifically indicated in the Estimate submitted to Parliament. They note that the Committee does not question the exercise of this Board's discretion in sanctioning unforeseen expenditure in such cases. Para. 11.

Para. 12. 5. As the Committee point out, the Treasury has accepted the suggestion of the Comptroller and Auditor General that in future, whenever remnants of expenditure occur, the total expenditure as compared with the total estimate should be stated for the information of Parliament.

6. Write to the First Commissioner of Works:

Sir,

Paras. 11–14. I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for your information, the enclosed copy of paragraphs 11–14 of the Third Report of the Public Accounts Committee of 1894 and of paragraphs 4 and 5 of the Treasury Minute thereon of this day's date.

I have, &c.

Para. 15. 7. The final proposals of the Board of Trade for the staff of the Sombrero Lighthouse have now been received and approved by the Treasury.

8. Write to the Secretary to the Caledonian Canal Commission:

Sir,

Para. 16. I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Caledonian Canal Commissioners, the enclosed copy of paragraph 16 of the Third Report of the Public Accounts Committee of 1894.

Their Lordships note that the Report of the Comptroller and Auditor General on your general accounts was not appended thereto, as agreed upon between the Commissioners and this Board.

I have, &c.

Class II.

9. Write to the Secretary to the Admiralty:

Sir,

Para. 21. I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Lords Commissioners of the Admiralty, the enclosed copy of paragraph 21 of the Third Report of the Public Accounts Committee, 1894, and to state that the Board of Trade have undertaken to refer, upon the face of the Board of Trade estimate, to the charge imposed upon the office of the Registrar General of Seamen in respect of work performed exclusively in connection with the Royal Naval Reserve Force.

I am to request that, in communication with the Board of Trade, a reference to this charge may be made upon the face of Vote 7 of the Estimates for Naval Services, 1895–96.

I have, &c.

Write to the Secretary, Board of Trade:

Sir,

Paras. 21 and 22. In transmitting for the information of the Board of Trade the enclosed copy of paragraphs 21 and 22 of the Third Report of the Public Accounts Committee of 1894, I am directed by the Lords Commissioners of Her Majesty's Treasury to state that the Lords Commissioners of the Admiralty have been requested to communicate with the Board of Trade as to making a reference upon the face of the Navy Estimates, 1895–96, to the charge imposed upon the Office of the Registrar General of Seamen in respect of work performed exclusively in connection with the Royal Naval Reserve.

I have, &c.

10. Write to the Under Secretary, Scottish Office:

Sir,

Paras. 24 and 25. I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Secretary for Scotland, the enclosed copy of paragraphs 24 and 25 of the Third Report of the Public Accounts Committee of 1894, relative to the Appropriation Account of the Vote for the Fishery Board for Scotland, 1892–93.

I am to inquire, with reference to the telegraph extensions at Brae and Hillswick, what steps Sir George Trevelyan considers should be taken to enforce the liability of the Fishery Board's co-guarantors.

It is a question for consideration whether the Fishery Board should make themselves responsible for more than their own proportion of the guarantee. The effect of the Board's paying the whole guarantee is to ensure the loss falling upon the Board's funds in the event of their being unable to recover from their co-guarantors.

My Lords hope, at an early date, to authorise the necessary forms of store account for use on board the "Vigilant" and "Garland."

I have, &c.

Class III.

Para. 28. 11. With regard to those clerks and messengers who are paid out of lump sums granted to heads of departments for defraying the cost of their staffs, the Committee agree with the Public Accounts Committee of 1870 that these and like appointments should be granted into Schedule B. of the Order in Council of 4th June 1870. The view of that Board, which is shared by the Committee, has been adverse to the inclusion in Schedule B. of persons so employed on the ground that they are in the temporary personal employment of the head of the department, and are not Civil Servants. Notwithstanding that view, however, my Lords are prepared, as was intimated before the Committee on behalf of the Treasury, to defer to the view which has commended itself to the Public Accounts Committees of two successive years, and will accordingly take steps for carrying out the arrangements so far as the particular circumstances of each department conveniently admit of the change. An essential point will be to make it perfectly clear that by the proposed change the temporary engines in question acquire no claim to permanent employment, and no title to pension when their employment ceases.

Para. 29. 12. It may be well to observe, with reference to paragraph 29 of the Committee's Report, that a Bill, entitled the Supreme Court Officers' Bill, was introduced last Session into the House of Commons. It was intended that there should be issued in pursuance of Orders in Council of the Lord Chancellor regulating the offices of the Supreme Court on pay scales similar to those recently laid down for the Civil Service. The Bill could not be proceeded with; but it will be again introduced when Parliament meets.

Para. 30. 13. At the request of the Public Accounts Committee, my Lords have further considered the question whether the salaries of the temporary deputies of Judges of County Courts should be taken upon the Consolidated Fund or upon the County Courts Vote. As was pointed out to the Committee in evidence on behalf of the Treasury, my Lords deliberately transferred the charge of such temporary substitutes from the Consolidated Fund of salaries with the established practice whereby a Special Commissioner receiving an annuity is paid from the Supreme Court Vote and not from the Consolidated Fund. In the year 1892–93, Commissioners were [illegible] provision had been made in the County Courts Estimates. But in 1893–94, and will appear in the current financial year, specific provision was made in the County Courts Vote for the remuneration of

of temporary deputies for County Court Judges. No technical objection can therefore arise as to the charge of such payments against the Vote in 1893–94 and 1894–95; and this, my Lords note, was recognised by the Comptroller and Auditor General in his evidence before the Committee.

As there is no specific statutory authority for charging on the Consolidated Fund the daily fees paid to occasional deputies of County Court Judges, the more constitutional alternative seems to be to charge such fees on the Vote; and my Lords propose to adhere to this arrangement in the future.

14. Write to the Under Secretary of State, Home Office: Paras. 31 and 36.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Secretary of State, the enclosed copy of paragraphs 31 to 36 of the Third Report of the Public Accounts Committee of 1894.

Mr. Asquith will observe that the Committee again call attention to the question of parental contributions payable on account of inmates in reformatory and industrial schools; and in view of the opinion expressed more than once by the Committee, my Lords hope that he will take an early opportunity of submitting to Parliament such legislative proposals as may seem necessary and best suited to secure a more efficient control over those contributions.

I have, &c.

15. Write to the Under Secretary, Scottish Office: Paras. 37–39.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Secretary for Scotland, the enclosed copy of paragraphs 37–39 of the Third Report of the Public Accounts Committee of 1894.

With reference to paragraph 38, the Committee appear to be under some misapprehension with respect to the Register House Vote. The question of appropriating in aid of the Vote receipts exceeding the expenditure, has not arisen; for the receipts are collected in stamps and are not appropriated, the total sum required for the service being voted and the cognate receipts arising out of the sale of stamps being paid into the Exchequer.

With reference to paragraph 39, sanction has already been given by the letter from this Department of 22nd September last (14,194), for charging to the Prisons (Scotland) Vote, 1893–94, the sum of 1,000*l.* which the Committee consider should be disallowed on the account of the Vote for 1892–93. My Lords concur with the Comptroller and Auditor General in thinking that the expenditure in question should properly be charged not to Sub-Head M. ("New Buildings and Alterations"), but to Sub-Head S. ("Purchase and Adaptation of Property").

My Lords are giving directions for the surrender of the disallowed sum of 1,000*l.* in respect of 1892-93.

I have, &c.

Let the above sum of 1,000*l.* be surrendered by a write-off from the Grant for the year 1894–95.

16. My Lords are taking steps to carry out the undertaking given on behalf of the Treasury to communicate with the several Departments claiming administrative expenses from the Local Loans Fund, with regard to the basis on which their claims are calculated, in order that any tendency to throw undue charges on the Local Loans Fund may be checked. Para. 41.

17. Write to the Chief Secretary, Dublin Castle: Paras. 42 and 43.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of His Excellency the Lord Lieutenant, the enclosed copy of paragraphs 42 and 43 of the Third Report of the Public Accounts Committee of 1894.

My Lords take due note of the Comptroller and Auditor General's remarks, endorsed by the Committee in paragraph 43, as to the charge of purchase moneys of certain property; and they concur with him so far that they think that the introduction as final charges in an appropriation account of sums other than those that are substantially final payments, is to be deprecated on general grounds as contrary to the principles of sound finance. But cases may and do arise in which exception to this rule may be legitimate and even expedient; that is, when the payment is an instalment, and secures a legal title to or legal rights over property without any risk of a loss of public money. My Lords submit that the circumstances connected with the transaction now under consideration are such that no disallowance need be made in respect of it.

I have, &c.

CLASS IV.

18. Write to the Secretary, Education Department: Paras. 44–46.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, to be laid before the Lords of the Committee of Council for Education, the enclosed copy of paragraphs 44–46 of the Third Report of the Public Accounts Committee of 1894.

I have, &c.

19. Write to the Secretary, Science and Art Department: Paras. 47 and 48.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, to be laid before the Lords of the Committee of Council for Education, Science and Art, the enclosed copy of paragraphs 47 and 48 of the Third Report of the Public Accounts Committee of 1894.

I have, &c.

20. Write to the Secretary, Scotch Education Department: Paras. 50–53.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, to be laid before the Lords of the Committee of Council for Education in Scotland, the enclosed copy of paragraphs 50–53 of the Third Report of the Public Accounts Committee of 1894.

I have, &c.

21. Write to the Under Secretary, Scottish Office: Paras. 54 and 55.

Sir,

ADVERTING to the letter from this Department of the 3rd September last (13,186—94), I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, to be laid before the Secretary for Scotland, the enclosed copy of paragraphs 54 and 55 of the Third Report of the Public Accounts Committee of 1894, relating to the audit of the Vote for the National Gallery, &c., Scotland.

Sir George Trevelyan will observe that the Committee consider that there should be an audit by the Comptroller and Auditor General of Sub-Heads B and C of the Vote, having regard to existing arrangements as regards the general Office in Act (Sub-Head A), which includes the majority of Crown payments under the Treasury of Paper. That Lordships request that the Secretary for Scotland will be so good as to communicate to the Board of Manufactures the view of the Public Accounts Committee, and to consult that Board as to whether they see their way to complying with the Committee's recommendation.

I have, &c.

ıras. 56–59. 22. Write to the Chief Secretary, Dublin Castle :

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before His Excellency the Lord Lieutenant, the enclosed copy of paragraphs 56–59 of the Third Report of the Public Accounts Committee of 1894.

As you are aware, correspondence is in progress between your Department and the Treasury relative to the question raised by the Committee at paragraph 58 viz. the application of the age limit laid down by the Order in Council of 15th August 1890, to the President, &c., of the Queen's Colleges.

I have, &c.

ıras. 60–64. 23. Write to the Under Secretary of State, Foreign Office :

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Earl of Kimberley, the enclosed copy of paragraphs 60–64 of the Third Report of the Public Accounts Committee of 1894.

The Secretary of State will observe that in paragraph 61 the Committee urge the importance of the early settlement of the question, which has been referred to a Departmental Committee, of applying to Consular Officers the provisions of the Order in Council of 15th August 1890 relating to compulsory retirement.

The British East African Company, as the Secretary of State is aware, has now furnished the certificate as to their actual expenditure to which the Committee refer in paragraph 63 and my Lords have requested that the ascertained balance may be reclaimed by the Foreign Office from the company.

The Secretary of State is also aware that the question of the charges for the seamen's hospitals at Smyrna and Constantinople has already been settled by removing these charges from the Votes as from 1st April next, as stated in paragraph 64 of the Committee's Report.

I have, &c.

ıra. 65. 24. Write to the Under Secretary of State, Colonial Office :

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Marquess of Ripon, the enclosed copy of paragraph 65 of the Third Report of the Public Accounts Committee of 1894.

I have, &c.

ıra. 66. 25. My Lords have furnished to the Comptroller and Auditor General the information at present available in respect of the progress of distribution of the grant for compensation to the Behring Sea sealers, and are in communication with the Colonial Office as to further progress in distributing the grant, and as to a final settlement of the matter (15,638—94).

FOURTH REPORT.

Class VI.

ıras. 1–5. 26. My Lords note the remarks of the Committee on the several points to which they refer in connection with the Vote for Superannuation and Retired Allowances. No observations appear to be called for on the part of this Board.

ıra. 6. 27. Write to the Chief Secretary, Dublin Castle :

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before his Excellency the Lord Lieutenant, the enclosed copy of paragraph 6 of the Fourth Report of the Public Accounts Committee of 1894, relative to the Vote for Pauper Lunatics, Ireland, 1892–93.

I have, &c.

ıras. 7–9. 28. As the Committee observe in paragraph 7, the Act 30 Vict. c. 17, prescribes the payment into the Exchequer of certain fees and dues in connection with searches in the Lyon Office. As no discretionary power of remitting these statutory fees has been conferred upon the Treasury by Parliament, payment must be made in future, in accordance with the Act, and the traditional exemptions must cease.

Write to the Lyon King of Arms :

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, for your information and guidance, the enclosed copy of paragraph 7 of the Fourth Report of the Public Accounts Committee of 1894, and of the Treasury Minute thereon, relative to requiring search fees, &c., to be paid in future at the Lyon Office in accordance with the provisions of the Act 30 Vict. c. 17.

I have, &c.

Write to the Queen's and Lord Treasurer's Remembrancer :

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for your information, the enclosed copy of paragraph 7 of the Fourth Report of the Public Accounts Committee of 1894, and of the Treasury Minute thereon, relative to requiring search fees, &c., to be paid in future at the Lyon Office in accordance with the provisions of the Act 30 Vict. c. 17.

I have, &c.

29. Write

29. Write to the Secretary, Board of Agriculture :

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, to be laid before the Board of Agriculture, the enclosed copy of paragraph 10 of the Fourth Report of the Public Accounts Committee of 1894, relative to the distribution of the Grant for pleuro-pneumonia, 1892–93. Para. 10.

I have, &c.

30. Write to the Under Secretary, Scottish Office :

Paras. 11 and 12.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Secretary for Scotland, the enclosed copy of paragraphs 11–12 of the Fourth Report of the Public Accounts Committee of 1894, dealing with the Appropriation Account of the Vote for the Highlands and Islands of Scotland, 1892–93.

Sir George Trevelyan will observe that the Committee urge more speedy procedure under the Western Highlands Works Act of 1891.

My Lords understand that, with growing experience and with the progress of the works, it has become possible to anticipate expenditure with greater exactitude than was at first practicable.

I have, &c.

31. My Lords note the remarks of the Committee about the financial arrangement connected with Lerwick Harbour. It may be well to state the facts :—Parliament had voted money for Public Works in the Highlands and Islands, and it was considered that part of the money (2,500*l.*) might properly be applied as a contribution toward Lerwick Harbour. The best mode of turning the contribution to account was to diminish the debt (19,000*l.*) of the Harbour Commissioners to the Public Works Loan Commissioners. There could be no question of writing off the money (2,500*l.*) by the annual Loans Bill ; because, while resort to that process is and can be only had when a loan or part of a loan is not likely to be recovered, the Lerwick Harbour Loan was in course of regular repayment ; and the arrangement, so far from prejudicially affecting the Local Loans Fund, accelerated repayment to it. Para. 13.

32. Write to the Secretary, Royal Commission for the Chicago Exhibition :

Para. 14.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit the enclosed copy of paragraph 14 of the Fourth Report of the Public Accounts Committee of 1894, and to inquire whether the accounts of the Royal Commission for the Chicago Exhibition have yet been finally wound up, and whether, in such case, their Lordships could be favoured with a copy of the balance sheet.

I have, &c.

33. Write to the Under Secretary, Scottish Office :

Para. 15.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before the Secretary for Scotland, the enclosed copy of paragraphs 15–17 of the Fourth Report of the Public Accounts Committee of 1894, relative to the Appropriation Account of the Vote for Crofters' Colonisation (Advances-in-Aid), 1892–93.

Adverting to the Treasury letter of 11th September last (12,956), my Lords admit the view of the Committee that a technical, but only technical, irregularity has occurred by the omission from Part I. of the Estimate—and consequently from the Parliamentary Resolution and the Appropriation Act—of words describing the service as a Grant in Aid of Colonisation.

I am to inquire whether there is any intention of spending any part of the funds in hand, and, if not, whether Sir George Trevelyan sees his way to surrender, as suggested by the Committee, the unexpended balance of the Grant.

I have, &c.

34. Write to the Chief Secretary, Dublin Castle :

Para. 18.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, to be laid before His Excellency the Lord Lieutenant, the enclosed copy of paragraph 18 of the Fourth Report of the Public Accounts Committee of 1894, relative to the Appropriation Account of the Vote for Relief of Distress, Ireland, 1892–93.

I have, &c.

REVENUE DEPARTMENTS.

35. Write to the Commissioners of Customs :

Para. 19.

Gentlemen,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for your information, the enclosed copy of paragraph 19 of the Fourth Report of the Public Accounts Committee of 1894, relative to the Appropriation Account of the Customs Vote, 1892–93.

I have, &c.

36. Write to the Commissioners of Inland Revenue :

Para. 20.

Gentlemen,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for your information, the enclosed copy of paragraph 20 of the Fourth Report of the Public Accounts Committee of 1894, relative to the Appropriation Account of the Inland Revenue Vote.

I have, &c.

37. Write to the Postmaster-General :

Paras. 21–25.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for your information, the enclosed copy of paragraphs 21–25 of the Fourth Report of the Public Accounts Committee of 1894.

You will observe that in paragraph 22 the Committee support the view of the Treasury in the matter of the expenditure incurred in connection with the visit of the Mediterranean surveyor to Constantinople ; but the circumstances having now been brought before the Committee, my Lords convey to you their sanction for meeting from savings on other Sub-heads of the Post Office Vote, 1892–93, the excess of 320*l.* 16*s.* 10*d.* incurred under Sub-head B. 3.

You will notice the recommendations of the Committee as regards (i.) furnishing more explicit explanations of the causes of variation between expenditure and grant, and (ii.) appending a footnote to the Telegraph Estimate showing the value of the stock in hand at the end of the financial year, on analogy with the practice which obtains in the case of Army and Navy Accounts.

I have, &c.

Treasury Chest Fund.

ara. 37. 38. My Lords take note of the recommendation of the Committee as regards the cash balances kept at Treasury Chests abroad. While the varying needs of the several Chests preclude uniformity of practice as regards the sums which should be held at different seasons of the year, their Lordships have always sought to keep such balances low, and their efforts in this direction have enabled them to reduce from £1,000,000 to £700,000 the capital of the Treasury Chest Fund.

Local Loans Fund.

ara. 38. 39. My Lords believe that the Comptroller and Auditor General and this Board are now in agreement as regards the proper mode of accounting in connection with loans written off the Local Loans Fund.

General.

ara. 53. 40. In paragraph 53 the Committee deal with the discretionary power of the Treasury to authorise the application of a surplus on one Sub-head of a Vote to meet a deficiency on another Sub-head of the same Vote. My Lords note that the Committee do not question such discretionary power, a restriction of which would almost certainly be adverse to economy, whilst largely increasing the number of Supplementary Estimates.

ara. 54. 41. My Lords agree in principle with the views expressed by the Committee in the 54th paragraph of their Report with regard to the raising of new Sub-heads not contemplated in the original Estimates. They submit, however, that the actual services for which it may appear desirable to raise new Sub-heads are not generally of sufficient magnitude, importance, or interest to require the previous sanction of Parliament. My Lords think that the Treasury must primarily be the responsible judge in each particular case; but every such decision of this Board is necessarily subject to the criticisms of the Comptroller and Auditor General, and the review of the Public Accounts Committee.

ara. 58. 42. In paragraph 58 the Committee discuss the question of audit by the Comptroller and Auditor General of sums voted by Parliament as Grants in-Aid. On the question of principle, my Lords observe that the Committee recognise the fact that Grants in Aid, as such, do not fall for the purpose of detailed audit within the provisions of the Exchequer and Audit Act. It is, indeed, of the essence of a Grant in-Aid voted by Parliament that it is not subject to audit as regards disbursements on the lines applicable to ordinary grants.

The question which the remarks of the Committee raise is how far the details of Grants in-Aid may be followed with advantage. My Lords themselves doubt whether it would be found either expedient or practicable to subject all such grants to what is called a "non-appropriation audit" at the hands of the Comptroller and Auditor General. The circumstances connected with each grant vary too much. But my Lords are prepared to consider each case separately on its merits; and they will take steps to have this done.

Paras. 59-66. 43. My Lords are glad to note that the Committee do not recommend, as a result of their consideration of the subject, any modification of the existing system, as regards the mode of appropriating receipts in aid of voted expenditure. They would strongly deprecate the re-opening of a question which formed the subject of exhaustive inquiry and consideration some few years ago, or the revising of a system with the working of which my Lords have every reason to be satisfied.

44. Write to the Comptroller and Auditor General:

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit, for your information, the enclosed copy of the Treasury Minute of this day's date on the First, Third, and Fourth Reports of the Public Accounts Committee of 1894.

I am, &c.

APPENDIX, No. 4.

PAPER handed in by Mr. *G. L. Ryder*, C.B., 6 March 1895.

STOCK-TAKING IN PUBLIC DEPARTMENTS.

(14,681—94.)

Treasury Minute of 19th October 1894.

My Lords read paragraphs 31 to 46 of the Fourth Report of the Committee of Public Accounts, 1894, upon the verification of balances of Public Stores in the Admiralty and War Department, and by implication in other Public Departments as well.

The Conclusions of the Committee.

The attention of the Committee had been directed by various circumstances, alluded to in paragraphs 22 and 99 of their Second Report, to the importance of securing a periodical test verification of stock by officers independent of, and unconnected with, not merely the actual keepers of the stock, but also the officers to whom those keepers are directly responsible, and who might possibly be under some temptation to pass over the shortcomings of their subordinates. They accordingly examined the Comptroller and Auditor General upon the following questions, viz. :—

(1.) Whether there is any need for such an independent stock-taking, subject to his authority only.

(2.) Whether it ought to be associated with the existing test audit of Store Accounts under the Treasury Minute of 15th November 1886.

(3.) Whether, if a complete independent stock-taking under the Comptroller and Auditor General be deemed impracticable, it would be desirable that he should employ a small expert staff, at a limited expense, for a proportionately restricted sample or test stock-taking.

Guided by the evidence taken by them, the Committee seem to have arrived at the following conclusions on the above questions :—

(1.) That although improvements might be introduced into the methods of stock-taking existing in the Departments, with a view to greater independence and efficiency, it is inexpedient on grounds of expense and of administrative regularity to impose the duty of stock-taking on the Comptroller and Auditor General.

(2.) That such a step would be incompatible with the Treasury Minute of 15th November 1886.

(3.) That there is a *consensus* of opinion against the employment by the Comptroller and Auditor General of even a small expert branch to test stock-taking and report the results to him, but that it should be open to the Comptroller and Auditor General, when he thinks fit, to call upon the proper officers of a Department to take stock of any particular articles in his presence or that of his own officers.

My Lords concur in these conclusions, and will give a brief statement of the past action of this Department, and their present view, in regard to a test audit of store accounts and to the duty of stock-taking.

The Policy of Parliament.

In paragraph 38 of their Fourth Report the Committee observe, respecting the functions of the Comptroller and Auditor General, that the Exchequer and Audit Departments Act "is silent on the subject of stores and stock." This is not quite correct, because Section 40 of that Act lays down that "in all cases where the Comptroller and "Auditor General shall be required by the Treasury to examine and audit the accounts of the receipt, expenditure, "sale, transfer, or delivery of any . . . . provisions or stores, the property of Her Majesty," a certain procedure shall be followed. Parliament therefore looked forward in 1866 to some form of store accounts audit by the Comptroller and Auditor General, but thought fit to leave it to the Treasury to determine what that form should be, and how far it should extend. Consistently with the same policy, Parliament in the Army and Navy Audit Act, 1889, left it to the Treasury to determine not only the form of the Manufacturing and Shipbuilding Accounts, which are so closely connected with Store Accounts, but also the manner in which the Comptroller and Auditor General is to examine them.

The Action of the Treasury.

For many years after the passing of the Act of 1866, the Comptroller and Auditor General gave no examination to store vouchers beyond what was necessary to justify the cash accounts, as was explained to the Public Accounts Committee of 1882 (Q. 118).

In 1884 a report by the Treasury Officers of Accounts, dated the 31st October 1883, was communicated to the Committee, giving reasons why an audit of store accounts by the Comptroller and Auditor General must, practically of necessity, be restricted to a form of local test audit.

In 1886 the Comptroller and Auditor General, in his Report on the Army Appropriation Account for 1884–85, expressed his views on the value of an "external test audit of store accounts." These views met with the concurrence of the Treasury, and the Minute of 15th November 1886 was accordingly issued, under which the test audit is now conducted, in regard to army, navy, and various civil store accounts. That Minute restricts the functions of the Comptroller and Auditor General to ascertaining and reporting whether existing regulations appear calculated to secure within the Departments an efficient control over the receipt and disposal of stores, and whether the regulations laid down are duly enforced ; and with regard to the verification of balances of stores, it directs that "the regulations of the Departments should provide for periodical stock-taking of all stores in charge, "under conditions affording a sufficient guarantee of the existence of the certified balances ; that is to say, the "stock should be taken and certified by Boards of Survey, consisting of one or more responsible officers *wholly* "*independent of the storekeeping branch*, in addition to the storekeeper or his representative. *It will not be the duty* "*of the Comptroller and Auditor General at any time to take part in these surveys of stock.* The duly certified statements "of the properly constituted Boards of Survey will be accepted by the Comptroller and Auditor General, for the

"purpose of comparison with the balances of stock remaining on charge as appearing by the stock ledgers, "so far, of course, as to any observations which the Comptroller and Auditor General may see fit to make in regard "to the apparent efficiency or otherwise of the arrangements for stock taking."

Messrs. Waterhouse and Mills, in their Report of 27th May 1889 upon the Dockyard Expense and Store Accounts presented to the Public Accounts Committee of that year, remark that the stock "course is in "accordance with the practice in regard to the audit of the store accounts of commercial companies," and in the Treasury Minute of 2nd July 1889, on that Report, the following passage occurs, regarding the verification of balances of stock, viz.:—"Messrs. Waterhouse and Mills concur with this Department in holding that this task "should be always undertaken by a representative of the storekeeper and some quite independent officer, but "should not be taken part in by the Comptroller and Auditor General. They also suggest the occasional visits of "officers from the Department of the Director of Stores in London for the purpose of testing stocks of particular "articles."

Since 1886 the Treasury has sanctioned various arrangements calculated to improve the store account keeping and stock taking of the Departments responsible for the stores; but my Lords need only mention the check afforded by the comparison between independent records of quantities and values, established for naval stores in 1887, a form of Stock Valuation Account which is adopted by the Admiralty, and, with some modification, by the Commissioners of National Education in Ireland.

The Governing Principle.

The exclusion of stock-taking from the duties of the Comptroller and Auditor General rests on the fact that stock-taking is an administrative duty belonging to the Department responsible for the stores, and comparable with the corresponding duty of verifying cash balances. In the 50th paragraph of their Second Report the Public Accounts Committee of 1872 suggested that the function of verifying cash balances "might well have been assigned by law to the Comptroller and Auditor General." But the Treasury in a Minute of 14th August 1872 stated that "such a step would have been inexpedient. It is most important that the distinction between administration and "audit should be clearly defined. The auditor tests results, and when once the machinery of accounting has been "settled, he should wait for the result before he interferes. When the time for his interference arrives, that is to "say, as soon as the accounts are delivered to him, he should have uncontrolled power to make any inquiry that he "may consider necessary, but he should be in no sense accessory to the facts of which he will be the judge."

It seems to my Lords that the foregoing statement regarding the verification of cash balances is equally applicable to stock-taking. The reports of all stock-taking officers should be open to the Comptroller and Auditor General and his officers, and he should have an absolutely free voice in criticising them, the rules under which they are taken, and the manner in which those rules are carried out. But he should do nothing that may tend to transfer the responsibility for stock-taking from the administering Department to his own shoulders. Therefore he should take no action whatever which might be held to justify the inference that he in any degree accepted such responsibility.

The Department that administers a Store Service is responsible for the proper stores being procured, in point of character, cost, quality and quantity, for their safe custody pending use, and for their being used for the right objects, so long as they remain within its jurisdiction. It does not matter to the public whether the stores, at any given time, are lying in a warehouse under the name of "Stock," or are scattered over yards, wharves, and shops, in railway trucks or barges, in barracks, forts, or camps, by the ship's side, or at sea, so long as the right stores have been economically bought, are forthcoming in good order when wanted, and are being economically used. It would be simply injurious to the public interest if any other Department were to intervene, and assume whole or joint responsibility at some particular mesh, and no other, in the web of administration. From first to last, the Department that provides, keeps, and supplies or uses the stores ought to answer for them, and for what is done with them, so long as they remain in its hands, and for this purpose must keep accounts, and take stock of them.

But criticism of methods of administration may be highly beneficial, without impairing the responsibility of the administrator. The Comptroller and Auditor General in the conduct of his test audit of store accounts has many opportunities of observing the effects and defects of particular methods in their bearing on the receipt, custody, and issue of stores; and in several cases already his comments or suggestions have led to improvements of practice.

The Present Recommendation.

The recommendation of the Committee, that the Comptroller and Auditor General should have power, when he sees sufficient reason, to call upon the administering Department to take stock of any particular articles, in his presence or that of his officers, commends itself to my Lords as a means of strengthening the hands of the Comptroller and Auditor General as critic, without trenching upon the proper function of the Department as stock-taker.

The arrangement, of course, cannot work successfully without the exercise of much discretion, as regards the extent and occasion of his demands, on the part of the Comptroller and Auditor General, nor without the ready co-operation of the chiefs of the Departments concerned. My Lords, from past experience, however, feel assured that neither of those requisites will be wanting.

The Committee had specially in view the stock taking of the Admiralty and the War Department. But my Lords are of opinion that the same arrangements might be extended to all Civil Departments whose store accounts are subjected by the Comptroller and Auditor General to a test audit.

It will be observed that in paragraph 56 the Committee express approval of the arrangement made in the War Department for a test stock-taking by officers responsible to the Secretary of State, but independent of the store-keeping branch as required by the Treasury Minute of 15th November 1886. And suggest that a corresponding arrangement might be adopted by the Admiralty. My Lords concur in this suggestion and would remark that it is already the duty of the Expense Accounts Branch of the Admiralty not only to conduct periodical comparisons between the quantity and value ledgers, but, in the event of unsatisfactory circumstances being disclosed thereby, to confer with the storekeeping branch as to the desirability of immediately taking stock in the presence of representatives of both branches. In the Expense Accounts Branch therefore, the Board of Admiralty seem to have at their disposal the means of carrying out the suggestion of the Committee.

Let a copy of this Minute be sent to the Admiralty, War Department, Home Office (for English Prisons and Broadmoor), Secretary for Scotland (for Scottish Prisons and Fishery Board), Chief Secretary for Ireland (for Irish Prisons, Dundrum, Royal Irish Constabulary and Dublin Police), Board of Agriculture (for Ordnance Survey), Board of Trade (for Harbours of Refuge and Lighthouses), Office of Works, Legal Commissioners of Public Works, Board of Commissioners of Customs, Commissioners of Inland Revenue, Postmaster General and Comptroller of the Stationery Office, with an invitation that they will co-operate in the adoption of the recommendations of the Committee of Public Accounts respecting "Stock taking in all Departments" as set forth therein.

Let a copy be also sent to the Comptroller and Auditor General, for his information.

FIRST

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
6 *March* 1895.

[*Price* 4 *d.*]

103. *Under* 4 *oz.*

SECOND

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE

AND

MINUTES OF EVIDENCE.

Ordered, by The House of Commons, *to be Printed,*
29 *May* 1895.

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284.

Committee of Public Accounts.

Ordered,—[*Wednesday, 4th March* 1895]:—That the Committee of Public Accounts do consist of Fifteen Members.

Committee nominated of—

Mr. Bartley.	Mr. Alpheus Morton.
Mr. Buchanan.	Mr. Mowbray.
Mr. Cameron Corbett.	Mr. Arthur O'Connor.
Sir John Gorst.	Mr. Philip Stanhope.
Mr. Hanbury.	Sir Richard Temple.
Sir Arthur Hayter.	Mr. Webb.
Sir John Hibbert.	Mr. Arthur Williams.
Mr. Jackson.	

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

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MINUTES OF EVIDENCE - - - - - - - - - - - - p. 1

SECOND REPORT.

THE COMMITTEE of PUBLIC ACCOUNTS have made further progress in the Matters to them referred, and have agreed to the following SECOND REPORT:—

ARMY APPROPRIATION ACCOUNT, 1893–94.

INDIAN HOME EFFECTIVE CHARGES.

1. YOUR Committee observe that the detailed test examination which has been going on yearly since 1876, and was this year directed to Vote 1, Pay of the Army, has proved satisfactory. Q. 58.

2. Your Committee notice that the 7*l.* 10*s.* capitation per man on the establishment of the European Army in India, which was accepted tentatively by the Home Government and the Government of India, has been continued from year to year, though not treated as a final settlement; that no actual basis of such settlement has been arrived at, and that the matter is included in those matters which have been referred to the Royal Commission on Indian Home Charges. Q. 76. Q. 75.

3. It will be seen from the evidence that the above rate includes the cost of depôt charges, the staff of the depôts, the charges of the men who are trained and embarked for India, educational charges, the pay of certain men on the passage to and from India, the cost of the discharge depôt, the Netley Hospital, and some other particulars. The strength of the establishment in India has varied and may vary, but the number on which the rate of 7*l.* 10*s.* is reckoned, as a theoretical factor, is 72,858. Q. 68. Q. 77. Q. 79.

EXPLANATIONS OF SURPLUSES AND DEFICITS.

4. It will be seen from your Committee's Report of last Session that the Comptroller and Auditor General brought to notice that last year the explanations by the War Office of "casual differences" were often insufficient, as being little more than statements of the fact. This year the War Office have rendered fuller explanations, which upon the face of them seem satisfactory; and the Comptroller and Auditor General so accepts them as administrative representations, given, not on his authority, but upon that of the War Office. Q. 89–97.

VOTE 1.

CONTRIBUTIONS FROM COLONIES FOR BRITISH TROOPS.

5. In reference to the military contribution from the Mauritius, the Treasury claim 30,000*l.*, whereas the Crown Colony pleads that it can pay only 15,000*l.* Your Committee observe that a correspondence on the subject is going on between the Home Government and the Colony upon the subject. Further, the amounts of contribution are being considered by a Departmental Committee both for Mauritius and other Eastern Colonies. Thus the question does not seem ripe for any conclusive remark by your Committee. Q. 102–9. Q. 119.

ISSUE OF EXTRA DUTY PAY.

6. Your Committee found in paragraph 11 of the Comptroller and Auditor General's Report that certain soldiers, drawing their ordinary pay, have been employed on special duty under a regulation which prescribes that they shall be paid so much for each day upon which the duties have been actually performed, and that, nevertheless, they have Q. 141.

have been paid on Sundays, when they did not do any work. This payment is, of course, inconsistent with the Regulation. But your Committee learn that the War
Q. 152. Office, with the consent of the Treasury, have arranged for an alteration in the Regulation, so as to authorise payments of this nature, in regard to certain appointments in which
Q. 142. the operation of the Regulation would otherwise be inconvenient, as the men were
Q. 153. really doing the work as if they were holding a regular appointment. Your Committee understand that the alteration will prevent the question arising in future.

Sub-Head C.—Regimental Pay.

Q. 158. 7. Your Committee's notice has been drawn to the surplus of 80,533*l.*, due mainly to an over-estimate of the amount of deferred pay earned by service in India. The War Office state that this deferred pay is an item peculiarly hard to estimate; but hope that a condition has been reached in which the figures can fairly be relied upon. But
Q. 160. no such surplus increases the gross sum expendible on other Sub-Heads of Vote 1, because it is balanced by an equivalent falling-off in receipts from India appropriated in aid of that Vote.

Sub-Head E.—Regimental Allowances.

Q. 162. 8. Your Committee observe that in Egypt there is an expenditure larger than the Grant, due to the presence of additional troops there: Egypt is, however, paying only a fixed charge which stands at 87,000*l.* per annum.

Vote 7.

Employment of Troops in aid of the Civil Power.

9. From paragraph 12 of the Comptroller and Auditor General's Report it appears that troops were employed in certain disturbed districts, and that for their maintenance
Q. 163. or billeting a larger, or full billeting, allowance was payable under the Army Act up to a certain time, and a lesser allowance, by the rules of the War Office, under the Act, subsequently to that time. But the allowance at the higher rate continued to be paid after that time by the military authority on the spot, and, as the thing had been done, the War Office confirmed the action, with the sanction of the Treasury, in this case as
Q. 170. a special one, the recurrence of which it was intended to prevent in future; as the officers
Q. 168. will have clear instructions. The extra cost caused hereby amounted to 3,438*l.* The higher rate was that of 1*s.* 9*d.* per man daily, the lesser allowance 10*d.* The time during which the higher allowance should be paid was, according to the rules and practice of the War Office, that of three days.

Q. 172-4. 10. The War Office explained to your Committee that the innkeeper is called upon to provide a hot meal, as it is called, and lodging and everything for the soldier for three days. The power of claiming this from the innkeeper at the price of 1*s.* 9*d.* a day is limited to three days. After that he is only obliged to house the soldier and to give him the condiments for his food for 4*d.* a day, the soldier himself providing the food. The soldier would get 6*d.* a day in lieu of his ration. The 4*d.* and the 6*d.* together make up the 10*d.* above mentioned. In the Schedule of the Army Act, however, the rate of 4*d.* only is entered.

11. A question arose before your Committee as to whether the limitation of the time to three days is authorised by the Army Act. The War Office hold that it is, adducing the Second Schedule of the Army Act of 1881, which provides that the keeper of a victualling house, on whom any soldier is billeted, shall, if required by the soldier, furnish him for every day of the march, and for not more than two days if the soldier is
} 186-7. halted at an intermediate place on the march; and on the day of his arrival at the place of final destination, with one hot meal on each day. Again, under Clause 106 of the Army Act, 1881 (which is the main Act), it is provided that "there shall be paid to the "keeper of a victualling house for the accommodation furnished by him, in pursuance "of this Act, the prices for the time being authorised on this behalf by Parliament," that is to say, the 1*s.* 9*d.* and the 4*d.* already mentioned. But periods of limitation for these payments are fixed by the billeting sections of the Army Act.

12. The main or substantive Army Act is put in force by the Annual Army Act,
} 194. which lays down the limits above mentioned. In other words, the annual Act follows upon the main Army Act, and lays down the rates at which the innkeeper is to be paid under that main Act.

13. Respecting

13. Respecting the time of three days, the War Office explain to your Committee that it is made up of the two days' halt at an intermediate place mentioned in the law, *plus* the day on which the soldier arrives at that place. Certain things are to be supplied by the innkeeper in return for the 1*s.* 9*d.* a day, for those days. If he were to continue to supply those things for subsequent days it would be inequitable to withhold that full rate. But, as a rule, he is not called upon to supply all these things, and therefore he is paid at the lower rate. Q. 213.

14. In the particular cases under review the innkeeper did continue providing all the things after the three days had passed, and he was paid accordingly. Q. 220–1.

15. On the whole your Committee consider that the War Office are right in their interpretation of the law, and in limiting the full supply of articles to three days, and the consequent allowance of 1*s.* 9*d.*; the lesser supply or provision, and the lesser allowance in consequence, to prevail for subsequent days, and they will doubtless issue the necessary instructions for the future, reminding officers of the existing law and regulations. But if from any special circumstances the innkeeper should have been required after the three days to go on furnishing the full supply, he would be paid at the full rate. Q. 222.

16. But, further, the Comptroller and Auditor General (paragraph 12) points out that the sum of 3,438*l.* under discussion is not the actual cost of billeting the troops, but represents merely the additional expenditure imposed upon the Army Votes in consequence of the special payments which had to be made as above. The War Office and the Treasury, however, agree that such excess charges, or the imposition of excess billeting charges should in future fall on the local authorities in whose aid the troops are employed. The statute law, however, makes no provision for the apportionment of such expenditure between Army funds and local funds. The Treasury now consider that this defect in the statute law ought to be remedied by providing in the next Army Act, or at some other opportunity, for the imposition of the excess billeting charge in future cases upon the funds of the local authorities in whose aid the troops are employed. Q. 237–8.

17. Your Committee would commend this suggestion to the consideration of Parliament.

Sub-Head E.—Rents, Rates, and Water Supply.

18. In reference to the deficit of 4,968*l.*, which is partly accounted for by increased charges for rates abroad, especially at Gibraltar, your Committee learn that it is the local rates that are referred to. Hence the question arises whether the Government buildings at Gibraltar are assessed just the same as other property in the town. Your Committee are informed that such is the case. Q. 261.

Sub-Heads F. and G.—Deficits.

19. These are attributed to increase in the forces in Egypt. It appears, as already stated in paragraph 8, that the ordinary fixed contribution from Egypt amounts to 87,000*l.* as a settled amount without variation, according to prices or other circumstances. But if from some special cause additional troops have to be sent, then a further contribution is obtained, and recently as much as 50,000*l.* was thus obtained, though possibly the British Government may be at some small loss in reference to its troops being there. Q. 266. Q. 267. Q. 269.

Vote 8.

Clothing Establishments and Services.

20. Your Committee observe that in Sub-Head G. there is an excess expenditure of 26,568*l.* This represents an increase to the stock of the year, and will come in aid for the next year. The quantity required was under-estimated. Your Committee have impressed on those concerned the importance of making these estimates as closely as possible. Q. 270–1. Q. 276.

Vote 9.

Inspection Department Balance Sheet.

21. In his 13th paragraph the Comptroller and Auditor General adverts to the balance sheet of the Inspection Department. He observes that until the cost of certain

establishments is ascertained and included in the general balance sheet of the Inspection Department the full value of the balance sheet will not be realised. Further, he remarks that if the value of the stores inspected were given with the balance sheet it would serve the useful purpose of enabling a comparison to be made from year to year of the relation borne by such value to the cost of inspection. And he has rightly understood
Q. 277–8. that this was the view or intention of your Committee, in order that Parliament may know exactly how the money is spent for the work of inspection.

22. The War Office has, however, understood differently the object of this balance sheet. They supposed that this object was to fix the charges as between the Army and
Q. 279. Navy for this purpose, and they say that the account never was furnished or attached to the Appropriation Accounts, and that it is not a manufacturing account. Further, they represent that the balance sheet includes all the establishments contemplated by the Comptroller and Auditor General in so far as relates to the establishments employed in
Q. 282. inspecting stores at Woolwich. But they apprehend that the Comptroller and Auditor
Q 283. General wishes to include much more than that, comprising all the expenditure which is incurred throughout the service on account of establishments engaged in inspection of any kind. The Comptroller and Auditor General rejoins that if the balance sheet does not contain all that he requires, then it will not be technically accurate, and will
Q. 286. not serve for the information of Parliament. The Treasury concur in this view; but
Q. 292. doubt whether it would be worth while going to the trouble and expense of preparing such a balance sheet. The War Office do not deny the possibility of preparing such a
Qs. 285 & 304. balance sheet, but urge that it will cause much trouble, involving expense of something under 3,000*l.*

23. On the whole, your Committee feel constrained to observe that the War Office have not as yet given that full degree of attention to this matter which was needed for carrying out the wishes of the Comptroller and Auditor General, whose wishes, indeed, were in accord with the intention of the Public Accounts Committee. Your Committee now recommend that the War Office take up the question of preparing a perfect balance sheet as proposed by the Comptroller and Auditor General, and ascertain exactly the cost of preparing it. If such cost, in the opinion of the Treasury, should not prove so great as to be prohibitory, then your Committee think that such a balance sheet should be prepared.

Brennan Torpedo Installations.

24. A question having arisen as to the transfer of an item of 385*l.* from the Imperial Defence Fund to Vote 10, your Committee learn from the War Office that such items
Q. 338–9. will henceforth be provided for in Vote 9. The Comptroller and Auditor General acquiesces in this adjustment, provided that the principle be maintained that expenditure should be charged against the Vote in which it is provided for.

Cost of Repair of Guns for Proof and Experimental Purposes.

25. Your Committee learn from paragraph 18 of the Comptroller and Auditor General's Report that it was proposed that the cost of the upkeep of experimental guns used in common by the Admiralty and the War Department should be borne equally by both the Army and Navy Votes. This cost, however, which is considerable, has been charged almost exclusively to the Army Vote. There seems to be no reason why the equitable division between the two great Departments should be departed from. Your Committee
Q. 343. learn from the War Office that the matter is under the consideration of the Inspection Department, and will shortly be reported upon. Meanwhile they have impressed on the War Office the general desirability of making the equitable distribution.

Royalties on Carriage Mountings.

26. Your Committee learn that under this head a sum of 2,657*l.* 6*s.* 9*d.* should have
Q. 349. been charged to the Imperial Defence Loan instead of to the Army Votes. It appears to have been supposed at the time that there were not sufficient funds in the Imperial Defence Account to meet the charge. The item will now be charged to that account, with the approval of the Treasury; and the result will be to increase the net surplus to
Q. 350 2. be surrendered on the Army Appropriation Account, 1893–94, from 61,879*l.* 17*s.* 6*d.* to 64,537*l.* 4*s.* 3*d.*

Free Grants.

27. Your Committee observe that in Zanzibar certain issues of stores, made in 1892-93, were not included in the Appropriation Account of that year, and had to be brought on to the accounts of the next year. This appears to have been simply an error or accidental omission; and your Committee have drawn the attention of the War Office thereto. Q. 353. Q. 357.

Uncertainty of Estimates for Warlike Stores.

28. Your Committee observe that under certain Sub-Heads of Vote 9 a large sum out of the Grant remained unexpended, while under others there was expended much more than the Grant. In answer to this, the War Office reply that there are often difficulties with the contractors and the factories in the punctual delivery of stores, all which disturbs the desired correspondence between the estimates and the expenditure. Your Committee have impressed on the War Office the desirability of securing such correspondence more nearly than heretofore. Q. 363–4.

Vote 10.

Transfers of War Office Property.

29. A question has arisen as to whether full effect has been given to the recommendation made in your Committee's last Report, to the effect that information should be given not only to the Comptroller and Auditor General but to Parliament regarding exchanges or transfer of land. The Comptroller and Auditor General reports, in his paragraph 21, that in some cases this year the information afforded by the War Office does not meet this requirement.

30. In their Report of last year your Committee observed "that there are no official "means whereby transactions relating to exchanges of land are required to be brought "under the cognisance of Parliament, unless some expenditure of money is involved." A Treasury Minute was subsequently issued in accordance therewith. The intention certainly was that in such cases a note should be appended. The War Office, however, appears to have placed a somewhat narrower interpretation on the intention of your Committee, and propose to append such a note only in those cases where no money passes; while in other cases some small sum would be entered, just enough to attract the notice of the Comptroller and Auditor General, and enable him to follow up the transaction. To this the Comptroller and Auditor General rejoins that in this way the transaction would indeed be brought to his notice, but not to the notice of Parliament. And the object is that Parliament should be informed. Q. 376. Q. 371.

31. Your Committee now adhere to the view of the Comptroller and Auditor General. They notice a case where 500*l.* is set down where the transaction was really for 5,000*l.*: the Comptroller and Auditor General might follow it up, but the statement might of itself have a misleading effect on Parliament. They have impressed on the War Office the desirability of furnishing a complete note in all these cases, such a note as may be understood by Parliament; and they learn that there will be no difficulty in doing this. Q. 384. Q. 377. Q. 393.

Vote 14.

Concurrent Issue of Half-Pay and Pay as Colonel of Militia Artillery.

32. The Comptroller and Auditor General, in his paragraph 22, notices that to a certain officer there was issued half-pay while he was holding a military appointment. There is, indeed, no definition of the term "military appointment." But the War Office inform your Committee that the officer in question was an officer of Militia; that is to say, he came out for a month during the year and received pay for that month; and that this is not, according to the interpretation of the War Office, a military appointment. Such an appointment would be a position which a man holds and for which he draws pay *continuously*. It is added that many officers and men go on half-pay for a limited time, and draw that continuously with a view to holding a commission in the Militia, for which they draw the one month's pay annually. Your Committee learn that the Treasury consider that the War Office should define the term "military appointment," and embody the definition in the Pay Warrant. The interpretation as above set forth would doubtless be accepted. It would apply to the auxiliary forces and the Yeomanry. Q. 399. Q. 405.

Vote 16.

Sir Evan Nepean's Compensation Allowance.

33. By his paragraph 23 the Comptroller and Auditor General has drawn attention to the case of the pension to Sir Evan Nepean. He is unable to pass the present allowance to this retired officer without noticing the unusual character both of the original award and of the subsequent action regarding it. The case may be summarised thus: Sir Evan Nepean, Director of Contracts, at the age of 54, not being then entitled to full pension, was, at his own request, allowed to retire under the provisions of the Superannuation Act of 1859, on the understanding that he was to receive his pension at a certain rate on attaining the age of 60 years. This compensation allowance of 950*l.* per annum was calculated upon his actual service of 38 years, and was 50*l.* per annum less than he would have earned by remaining in the service until the age of 60. The reason was that he wished to take up some private employment at once without forfeiting his claim to pension, when six years later he should attain the pensionable age of 60. But before he attained this age the employment failed, and he then desired to come back at once to his governmental status and to obtain a pension at same rate; in other words, to draw as much of his deferred compensation allowance as could be given to him. This was fixed at 697*l.* 16*s.* 6*d.* per annum, being the then actuarial value of the deferred allowance of 950*l.* which had been awarded to him, as mentioned above.

Q. 418.
Q. 419.

34. When asked for explanation by your Committee, the War Office admit that such an arrangement as this was quite unusual; but offer the following explanation. The War Office was being reorganised, and ordinary clerks who had given more than 30 years' service were permitted to retire, provided they complied with the conditions of the Superannuation Act. Accordingly Sir Evan Nepean applied to retire and claimed a pension. It was found, however, that for a retirement of that kind a saving to the public must be shown. When the calculation was made of what his pension would be, and what the charges would be consequent on his retirement, it could not be shown that there was a saving to the public; but by postponing the issue of his pension until he reached the age of 60 it was shown that a saving would arise, and that, therefore, the conditions of the Act would be met by the peculiar arrangement above described. Sir Evan Nepean, having entered on the arrangement for the sake of employment elsewhere, found that this employment shortly afterwards failed, and then he became anxious to draw some pension at once. The War Office held that obviously he could not draw the pension which had been definitely postponed; but it was decided that he could have an equivalent to that pension payable earlier, only diminished so as to bring about an exact balance, so far as the charge was concerned, with an annuity to be given at a later date. In other words, he may be said to have got a present annuity instead of a deferred annuity.

Q. 420.
Q. 421.
Q. 422.

35. Your Committee learn that the Treasury sanctioned these two arrangements; first, the one in 1891, by which Sir Evan Nepean retired on a prospective pension; secondly, that of 1893, by which, on his return, he received a modified pension. They held that it was within their power under the Superannuation Act to allow an arrangement by which the public gained, and which was also to the supposed advantage of a very meritorious public officer; and, therefore, they thought they might sanction it. The Treasury have explained to your Committee that there was, in consequence of the retirement of Sir Evan Nepean, the abolition of a senior clerkship, also some reorganisation departmentally; they indicate that, in one way and another, there was some gain or saving financially by these arrangements. It is difficult for your Committee to offer an opinion on these details. The judgment of the Treasury on these points must be accepted. Doubtless, when it had been decided to make the arrangement for Sir Evan Nepean, the Treasury took care that the financial terms were settled with due regard to financial economy. And, certainly, the Superannuation Act does under such circumstances give a very wide power to the Treasury. It is consequently contended that their action in this case was legal. Your Committee are not prepared to question this, although the Act adverts mainly (but not entirely) to the abolition of office, and compensation for the loss of the same; but this condition does not apply to Sir Evan Nepean, as the case arose out of his volition. The Act further adverts to reorganisation; and the judgment of the Treasury must, your Committee understand, be accepted as to whether there was in this case such reorganisation as that contemplated by the law.

Q. 423.
Q. 449.
Q. 452.

36. But granting that the action in this case was legal, or at least that its legality could not be well disputed, there would remain the question as to whether these proceedings

proceedings were politic in reference to the good ordering of the public service. Once the arrangement of 1891 had been made, your Committee are prepared to admit that the arrangement of 1893 was nearly inevitable, and so far appreciate the imperative reasoning under which the Treasury acted. But this throws back the doubt upon the arrangement of 1891. And here it is impossible for your Committee to express any concurrence. The proceedings were admittedly unusual, and the granting of a postponement pension unprecedented, as an officer not entitled by service to a pension was permitted to retire five or six years before his pensionable time on the prospect of a pension payable when that time arrived. Ordinarily he would be bound to serve out his time for pension; if for his own interest he chose to retire before that time, he ought to have accepted the operation of the rules of the service. The consequence of the whole arrangement has been that there has been thrown on the present year a charge which might never fall on the public at all, as the recipient might not live to 1896. A special arrangement apart from those rules was doubtless for his advantage personally, real or supposed. But it would form a most inconvenient precedent, unless some really public reasons could be adduced. Your Committee have failed to perceive any adequate justification, though much explanation by way of justification has been given, and they think it unfortunate that such an arrangement should have been submitted to, or approved by the Treasury.

Valuation of Reserve Stores.

37. In his paragraph 25 the Comptroller and Auditor General remarks on the absence of a note (corresponding to that appended to the Statement of Stock of Clothing, &c.), as to the value of the land service stores, which may have been included in the present statement, though not paid for until 1894–95. The War Office, in reply thereto, inform your Committee that there is no similar system of pre-deliveries of stores at the Arsenal as there is at the Clothing Factory. Q. 462.

STORE ACCOUNTS OF THE ARMY.

Transfer of Stores to the Admiralty.

38. In the Report of the Public Accounts Committee of last year it was stated that the rate of valuation deserved further consideration. From his present Report it appears that the Comptroller and Auditor General has learnt that the War Office is in correspondence with the Admiralty, with a view to either altering the one-tenth rate (that is the charge of only one-tenth of vocabulary prices), or extending it definitely to stores which one Department does not want and the other can use at once; also in regard to the general correctness of the one-tenth rate for obsolete or unserviceable warlike stores. Your Committee learn that the discussion has been going on since the 18th of October last, after the issue of the Treasury Minute on the subject, and that a settlement between the two Departments is very shortly to be expected. Q. 469. Q. 472. Q. 471.

Surplus of Gunpowder at Purfleet.

39. In paragraph 4 of his Report the Comptroller and Auditor General observes that transfers between the Army and Navy Accounts affecting the ledger balances of various kinds of powder have been made in cases where surpluses on either charge could be set off against corresponding deficiencies, and that no action appears to have been taken with regard to the remaining discrepancies beyond taking the surplus on charge. Q. 473.

40. Your Committee learn from the War Office that some difficulties arose when, for the first time, a division of these stores was made between the Army and Navy, and that no principle had been adopted in the adjustment between the two Departments in the charges for gunpowder. The adjustments were carried out without any money passing between the two Departments. It appears further that the two stocks, although not always kept in separate magazines, are differently marked, being marked "Army" and "Navy" and so distinguished. Q. 477. Q. 473. Q. 479–80.

41. In reference hereto your Committee had to consider how an amount of 60,000 pounds of gunpowder was omitted to be brought on charge. The War Office doubt whether the question can now be answered. In 1885-86, when large military preparations were undertaken under the Vote of Credit for 11 millions, about half a

million was spent on gunpowder. Under such pressure the delivery of a number of
Q. 486. barrels might have escaped the proper notation of a supporting voucher. Barrels were moved from one magazine to another during the process of stocktaking in that year, with the effect, if not with the object, of concealing the actual quantities from the officer engaged in taking stock. The ordinary orders, if acted upon fully, should
Q. 489. have prevented this, but it occurred under the exigencies of the time. Every inquiry
Q. 495. was made to ascertain how it could have happened. There could not have been complete watchfulness on the part of the officer responsible for taking stock. The storekeeper (since deceased) had knowledge of this so far back as 1889, according to hearsay evidence, for he communicated this knowledge to others. But the surplus was not discovered by the War Office till 1893, when searching inquiries had been made; and the virtual concealment for so long a time does raise an apprehension that some sort of improper collusion may have existed, though the persons concerned would belong chiefly to the humblest grade. Your Committee gather that, while the principal officials concerned are dead, still some employés remain, although of a humble grade; and they think that if any of them could have been shown on inquiry to have been a party to the collusion due notice should have been taken of his conduct.

Royal Gun Factory (Repair Ledgers).

Q. 556. 42. In his 5th paragraph the Comptroller and Auditor General adverts to certain guns that were sent in for repair and were kept for an excessively long time, and remarks that, in view of the change of pattern to which stores of this class are especially liable, instances might occur in which, through lapse of time, guns might become obsolete between the date of their issue for repair and their return to the Commissary General. The War Office explain to your Committee that the statement, though called a return of stores repairable, is not fully and strictly a return in that sense. It was found, however, that no account had been kept of the stores handed over to the Director General, ostensibly for the purpose of being repaired, and the preparation of such account was ordered. The account thus prepared contains a complete statement of all these stores. But, in fact, guns and carriages had come in from different stations and had been sent to the factories because there was no other place for them to be sent to, but they were sent not necessarily for the purpose of being repaired. In many cases orders have been given that they should be broken up, as they were not fit to be repaired. But as regards those guns which are sent and are ordered to be repaired, they are returned in due course, and the Commissary General has the means of watching
Q. 558-9. their being returned. Such guns would not be retained without good reason and without due notice being taken.

43. Your Committee learn that all the stores sent to the factories, whether they be for repair or not, do all go into one ledger, which is still called the repair ledger, and it cannot be decided when they are thus entered whether they are for repair until they shall have been overhauled by the experts. In some cases the consideration as to what
Q. 586-8. should be done with them may extend over a long time. The War Office consider that it would be inconvenient to have a ledger for stores to be repaired as separate from the general ledger. Your Committee think that the matter may rest as it is in the War Department.

44. The War Office has given an assurance that in none of these cases has there been any delay prejudicial to the interests of the service, or which could have been lessened by any act on the part of the factory or of the Commissary General in urging on the work.

Sale of Stores otherwise than by Public Auction or Tender.

45. Your Committee in 1889 held that the sale of stores should be under the sanction and control of strict regulations. From the present Report of the Comptroller and Auditor General there arises the question, in the opinion of your Committee, as to
Q. 602. whether such regulations have been adequately framed. The War Office agree that the general rule is that these stores shall be sold by auction. But sometimes an opportunity occurs for selling special stores otherwise than by auction, a fair bargain being made with regard to them. In 1889 the War Office considered that the special sanction of the Financial Secretary should be given in each case; further, that the Store Department should confer with another Department (the Director of Contracts), and that such arrangements should be approved by the Financial Secretary; so that three independent

and

and responsible persons should agree in the transaction. The evidence now given by the War Office before your Committee is to the same effect, with the addition that no further regulation beyond this appears to be practicable. Q. 591-2

46. The Treasury seemed inclined, in 1889, to go somewhat further, and consider the existing regulation to be that sales take place by auction as a general rule, but there are cases to which this rule does not apply; and regulations might be made defining these exceptions and specifying what are the circumstances which would warrant an exception to the general rule. Q. 597.

47. Your Committee think that the matter should now be further considered by the Treasury, in order that the practice for the future may be regulated; though apparently it is possible that the Treasury might be satisfied with some such practice as that described by the War Office. Q. 603.

Sale of Government Cloth.—Case of a Master Tailor at Canterbury.

48. From paragraph 7 of the Comptroller and Auditor General's Report your Committee observe that a fire occurred in the Canterbury Clothing Store, in 1891, in consequence of which event some losses of stores were written off, and shortly afterwards it was discovered that the civilian master tailor had been disposing of abnormally large quantities of stores to firms in the City of London; then it appeared that there was a large surplus of stock which could not be fully accounted for; and, putting all these things together, the conclusion was arrived at that stores had been saved from the fire, and then had either been fraudulently secreted or carelessly overlooked. Q. 630. Q. 630.

49. It further appears that, in view of the opinion of the Treasury Solicitor, it was not deemed advisable under the circumstances to institute criminal proceedings against the master tailor. Your Committee learn that the difficulty in prosecuting arose partly, and partly only, in this wise: the cloth in his possession was alleged by the master tailor to have consisted of savings which had accrued by reason of his ingenuity in tracing the patterns and applying them to the cloth. In reference to this, however, it is to be remembered that, under the regulation, such savings ought to have been returned to the Clothing Department. This regulation ought to have been pointed out to the master tailor by the Commandant of the Cavalry Depôt, and, apparently, that was not done. At the most, however, this defence would be but partial, for no such saving would suffice to account for the surplus of cloth discovered. Q. 631. Q. 632. Q. 633.

50. A further defence was offered, to the effect that the master tailor alleged that he had largely used cloth of his own, other than Government cloth; that he had bought certain cloth and made it up into army garments, and hence considered himself entitled to keep the army cloth he did not use. This admission of the illegal disposal of Government cloth, for illegal it clearly was, accounted for the fact that the manager of the Army and Navy Stores had seen carriage rugs with the Government stamp on the cloth. When the sale of cloth in the City was reported to the clothing authorities suspicion was aroused, and detectives were employed who traced the fact. On the discoveries being made, there was found about 600*l.* worth of cloth in the master tailor's hands, which was impounded. The man was really the servant of the Commandant of the Depôt, by whom he was dismissed. Q. 634.

51. All known facts and all the papers were laid before the Solicitor to the Treasury, and he did not advise a prosecution, partly because of the conditions under which the man had been working, and partly because there was no proof that he had been made conversant with the rules under which he was working. Laxity of supervision on the part of the Commandant was found to exist. Consequently he was reproved by the Adjutant General. The quartermaster was also held to be blameworthy in respect of supervision and control, and he had to retire. Q. 650. Q. 653. Q. 654-5.

52. This case occurred under the old system which has been abolished. Your Committee observe that the system rendered such cases possible, that it was not well administered, that in this instance there was laxity on the part of the officers, and probably some fraud on the part of others, as well as confusion of accounts in the Tailoring Department. By that system all the Army made up their own clothing. They asked for the cloth and used it up locally. Thus there might indeed be accumulations of cloth. This system was abolished for the Infantry, but was retained for a while with the Cavalry. Then for the Cavalry also it was abolished; and Canterbury was the last place where it obtained. Q. 659. Q. 649.

53. By the new system all the regiments must send their size rolls to the Clothing Department, and so get the actual garments they require for the men. That
Q. 649. department is now confident that under this system such a case as that now under comment would be impossible.

54. Your Committee have been led by this case to consider the history of the application of the new system to the Cavalry. Up to 1887 all the cavalry regiments, including the Cavalry Depôt, received materials for the men's clothing which were made
Q. 660. in the regiments by civilian master tailors. In 1887 sergeant master tailors were appointed to the seven regiments belonging to the First Army Corps, and it was decided to supply the men with made-up clothing. The first issue of such clothing was for the year beginning with the 1st April 1888. Then, in 1889, it was decided to extend this system to all cavalry regiments. This decision was carried into effect with the clothing for issue on 1st April 1892, the bulk of which was supplied in a made-up state for all cavalry regiments, with the exception of the three regiments of the Household Cavalry Depôt. It was in this way that the case under comment occurred at the Cavalry Depôt. At that time it could not have happened in any line regiment of cavalry. In these regiments it was arranged that the civilian master tailors should be replaced by military master tailors as soon as the clothing due on 1st April 1893 had been made up and fitted, and that thenceforth made-up clothing should be supplied.

55. The three regiments of Household Cavalry are still supplied with the materials
Q. 660. for the men's clothing, which is made up regimentally under the superintendence of the commanding officers. The Clothing Department regard them as exceptional troops, and
Q. 672–4. prefer that for them the existing system should continue.

Losses of Regimental Clothing by Fraud.

56. From paragraph 8 of the Comptroller and Auditor General's Report it appears that there were certain losses of regimental clothing by fraud in the Royal Irish Rifles Regiment, whereon the quartermaster was cashiered. The Treasury considered that further action was required in reference to the enforcement of the pecuniary liability which the regulations impose on the commanding officer; and deferred their sanction
Q. 718. to the writing off of the loss until your Committee shall have had an opportunity of expressing an opinion on the matter. On this your Committee learn that the Treasury found that by the regulations a certain responsibility rested on the commanding officer, and held that this responsibility ought to be a real one. They gathered from the letter of
Q. 745. the War Department that the Secretary of State acknowledged the existence of this responsibility, but was persuaded by his military advisers that the enforcement of it would be nearly impossible. It was considered that the only mode of procedure was by court-martial, and that from such a court a condemnation would probably not be obtained. The Treasury were not satisfied with that. They thought that the
Q. 723. responsibility should be made a real one, or else withdrawn altogether.

57. Apart from this, the Treasury considered that a formal and careful inquiry ought
Q. 724. to be made into the conduct of the commanding officer, and that a report should be made showing whether he was to blame, and, if so, how far. In reference to that your
Q. 725. Committee learn from the War Office that complete inquiry was made into all the facts and occurrences; which inquiry affected all concerned, including the commanding officer.
Q. 727. He gave explanations as to what had happened, but he was not put on his defence as regards any point affecting himself, indeed his explanations had reference to the
Q. 730. prosecution of the quartermaster. The Treasury thought that he ought to have been called to account for himself. But this was not done; it was held by the military
Q. 732. authorities that no case could be made out as against him, believing that the system was faulty. The Adjutant General had repeatedly protested against that system in respect to the accounts for clothing, urging that it did not admit of the exercise of a proper check by the commanding officer over a quartermaster who was his servant. The War Office hold that in this case responsibility could not be brought home to the commanding officer. Further, the War Office represent to your Committee that although the regulations attach pecuniary responsibility to the officer, still he is protected by the Army Act, and he can be brought to account only according to the method and the conditions prescribed by that Act; and that unless he be convicted
Q. 749 of some offence under that Act, he could not be held pecuniarily responsible under the regulation.

58. Your

58. Your Committee then asked the War Office whether the declaration of pecuniary responsibility had not better be withdrawn if it cannot practically be enforced. The reply was in the negative, because if the commanding officer could be proved before a court-martial to have neglected his duty, then such responsibility could very possibly be enforced. Q. 733.

59. In reference to these official dicta, your Committee have considered how far the then existing system could be held to excuse the commanding officer for the failure on his part to prevent these misdoings. The War Office represent to your Committee that the commanding officer, so far from having neglected his duties, had done his best according to the system under which he had no means of comparing the state of the account with the actual stock at any time. This accords with the official statement of the War Office to the effect that the complicated nature of the Clothing Account had rendered it difficult to detect discrepancies when the quartermaster was deliberately engaged in falsifying figures. Further, there were Boards of Survey. There was no doubt as to the correctness of these surveys. In the holding of these surveys there were some exceptions or omissions, and to that extent the commanding officer is admittedly to blame. But when the Board of Survey had been held the difficulty was this, there was no account available with which the quantity taken by the survey might be compared. Q. 733. Q. 735. Q. 745.

60. Yet more; your Committee inquired as to the action of the Director of Clothing. It appears that there were not infrequent delays in the transmission of these surveys and of the accounts to the Director; sometimes when the account arrived the Survey Report was not with it; in cases of delay, whether of the survey or of the account, the Director sent reminders. Further examination, however, showed your Committee that the case was more grave than this. The accounts were, in fact, always in arrear from this unit; and it was under cover of this delay that the mischief occurred. The Clothing Department repeatedly and constantly pressed for these. But when this pressure failed to produce any adequate result, their remedy was to energetically apply to the military authorities at headquarters to bring military discipline to bear upon the matter. This they omitted to do. In the end they sent down an inspector, and then he at once discovered that something was wrong. There was no system of local inspection; the system was to check the stock in the hands of the regiment by means of returns. As these returns were in arrear the condition of the stock up to date could not be checked. Q. 770. Q. 771. Q. 776.

61. Your Committee find that these frauds relating to ready-made, or made-up, clothing, and suspected or discovered in 1890, had been going on for about 10 years before that date. The same man was quartermaster throughout that time, and he was supposed to be the best man of his class in the British Army. The arrears in the rendering of accounts, already alluded to, became very marked by 1890, and then the situation was acute. During this time there were two commanding officers. Nothing was done to discriminate as to whether one of these was more or less to blame than the other; though, of course, it may be said that the officer who took over charge, ought to have satisfied himself that what he has received is correct and so becomes responsible, and thus the burden would fall on the second of the two officers. The second commanding officer had been in command since 1890. Thus he would appear to have been in command about half the time during which the frauds went on, and to him some of the most pressing demands of the Clothing Department were addressed, and they were transmitted directly to him. Some of the accounts were sent in, but very late; others were promised but not sent, and then some explanation of the delay was given. Certainly the commanding officer was conversant with the unsatisfied demands and the delay. All the time the quartermaster was sending returns of stores he did not possess, and no proper care was being taken locally to see whether they were in their place or not. He prepared false returns of stock and induced the commanding officer, unwittingly, to sign them. Q. 780. Q. 787. Q. 789. Q. 791. Q. 793.

62. The Clothing Department now assure your Committee that the defects of system to which the possibility of these frauds was partly due, but only partly, have been remedied. There have been many and great simplifications, and the success of these is largely owing to the change that was introduced at the time of allowing the men to keep their old clothing. But it is significantly added that no system can succeed if it is not strictly worked out. And the old system, with all its defects, had not even the advantage of being worked with due strictness in these cases. Q. 777.

63. Upon the evidence before them your Committee find as follows, respecting financial considerations quite apart from any military consideration. The commanding officer was undoubtedly

undoubtedly answerable, from a financial point of view, in not insisting upon the returns being punctually sent in by his quartermaster. This was his financial business, and it appears not to have been done. Even when pressing reminders were received from the Clothing Department, still the returns were not sent in time. The commanding officer is responsible for not duly attending to these reminders.

64. It was the delay in the transmission of returns that rendered the frauds practicable for so many years, and the commanding officer has his share of responsibility.

65. In all these failures responsibility, on financial considerations, attached to the commanding officer, and yet he does not seem to have been called to account or put on his defence; as your Committee think that he ought to have been.

66. The Clothing Department did not press for the returns and accounts with adequate energy, they did send reminders indeed; but they did not follow the matter up with sufficient persistency when the reminders failed. Had they done so the frauds would have been prevented much sooner.

67. Having thus reviewed this case of the Royal Irish Rifles, your Committee cannot but regard it in conjunction with the last case reviewed, indeed the immediately preceding case at Canterbury. Now, the Canterbury case occurred under the old system, and the system was blamed, although fault and failure on the part of those administering it were admitted. The system was to be altered, and after such alteration no such cases would occur. Accordingly, the system has been altered. But the other case occurred under a new system, and again through fault and failure on the part of those administering it. By the old plan, cloth accumulated for making up clothing regimentally, and losses occurred. Under the new plan, the clothing made up elsewhere is regimentally stored; and again losses occurred. Although in other respects the circumstances of these cases are not quite alike, yet in both there was fraud or misfeasance on the part of subordinates; but there was laxity of supervision on the part of superiors. Thence your Committee conclude that, although the new system may be better than the old, still that new system must, for its efficacy in protecting the public interest, depend on the effective control and care of the superior officers concerned. Without such effectiveness no system, however good in itself, can work satisfactorily. Your Committee hope that the notice taken by Parliament of these cases may induce the heads of the great spending departments to bestow additional attention to the principles involved therein; and they think that the Treasury may now feel justified in sanctioning the write-off of the loss of 2,182*l.* 1*s.* 8*d.* in the case of the Royal Irish Rifles.

Deficiency of Clothing Stores, Royal Sussex Regiment.

Q. 790. 68. Your Committee notice that deficiencies in these stores were found to the value of 283*l.* The quartermaster was brought to a court martial, and, though acquitted of fraud, was found guilty of having manipulated, or otherwise improperly dealt with, his accounts. He was then retired on a reduced pension of 150*l.* instead of 190*l.*, on the condition Q. 807. that a yearly sum of 70*l.* should be deducted from that reduced pension till the sum of 283*l.* should be made good. He had borne a high character; he was strongly recommended to mercy by the court; he had been robbed by his storeman.

Loss of Stores by Robbery at Hong Kong.

69. In reference to the loss of stores by robbery at Hong Kong, your Committee have had to consider the rules regarding Treasury sanction being obtained to the writing off of losses in the War Department and the Admiralty. It was laid down by the Public Accounts Committee in 1892 that the inability to bring the loss home to an individual Q. 826. should not necessarily relieve the Admiralty of the necessity of obtaining Treasury sanction in a case of this kind. A reference was then made to the War Department with a view to the same doctrine being accepted there. The desired agreement has not, however, been obtained as yet. It appears that heretofore the War Office have considered that it is not necessary for them to apply to the Treasury except when a case of personal liability is brought home to a certain individual. Such, too, in times past seems to have been the view of the Treasury before the introduction of the present Q. 820. system of Store Audit.

70. The War Office remark that a general officer has himself authority to write off losses of stores within certain limits—stores of a certain kind to the limit of 5*l.*; stores of another kind to a limit of 10*l.* Hence they infer that the Treasury could hardly refuse to the Secretary of State power to write off losses of any kind at all or within any limit.

limit. Thus it is argued that the Secretary of State should have power to write off losses within some defined limit. If the Treasury agreed to that, then the War Office would be ready to come to an agreement. On considering these points the Treasury inform your Committee that the matter will be further considered with a view to rules being framed that shall be applicable to the Army and Navy, alike in general principle, though there might be some variations in detail. Your Committee understand that the Treasury will take the matter into early consideration. Q. 827. Q. 828.

School of Military Engineering, Chatham.

Surpluses and Deficiencies of Stores.

71. The attention of your Committee has been drawn to the setting-off of surpluses against deficiencies of stores, with special reference to the School of Military Engineering at Chatham. It is justly held by the Treasury that this cannot be properly done unless there is a correlation between the stores that are included in the surpluses and deficiencies, and this did not exist at Chatham. The War Office think that such a correlation cannot be insisted upon in an account of this kind. The Chatham institution is a depôt in which all the officers and men of the Engineers are trained in all their trades and multifarious practices. The issue and the returning of stores and tools are constant, and it is difficult to watch them closely. In the Chatham case, surpluses were found to the value of 2,000*l.*, and losses to that of 1,000*l.* But there was no correlation. The deficiencies were mainly in tools which were in daily use, and the surpluses arose from railway plant and boats taken on charge for the first time in consequence of the stock-taking. Q. 839. Q. 839. Q. 841.

72. The Comptroller and Auditor General holds that if the writing-off can be done without correlation, or in other words, if surpluses of one kind of stores can be set off against losses of another kind, with which they had nothing to do, then grave losses of public stores might be withheld from the cognizance of the Treasury and of Parliament. And the Treasury appear to concur in this view.

73. The War Office rejoin that the losses are apparent rather than real, being errors in account. Your Committee must, however, observe that apart from such errors there might be real losses, which should not virtually be kept out of sight by being balanced against surpluses of quite another sort. On the other hand, the surplus might be more apparent than real, as was shown in one case before your Committee, because the surplus was made up by including some valuable stores which had never been brought on account before. Q. 840.

74. Notwithstanding the view of the War Office, your Committee are clearly of opinion that surpluses should not be set off against deficiencies, by the sole authority of the Secretary of State, unless a correlation be clearly established; and that such setting-off as those shown in the evidence might lead to grave abuses.

New System of Accounting at Woolwich.

75. Your Committee observe that independent means of comparison between the ledger balances and the tallies kept by the storeholders have been instituted. Q. 868.

29 *May* 1895.

PROCEEDINGS OF THE COMMITTEE.

Wednesday, 13*th March* 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Mowbray.	Mr. Alpheus Morton.
Mr. Cameron Corbett.	Mr. Arthur O'Connor.
Mr. Buchanan.	Mr. Philip Stanhope.
Sir Arthur Hayter.	Mr. Bartley.

The Army Appropriation Account, 1893–94, was considered.

Mr. *R. H. Knox*, C.B., Sir *Charles Ryan*, K.C.B., and Mr. *G. L. Ryder*, C.B., were examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 20*th March* 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Hanbury.	Sir John Hibbert.
Mr. Arthur O'Connor.	Mr. Arthur Williams.
Mr. Alpheus Morton.	Sir Arthur Hayter.
Mr. Mowbray.	Mr. Philip Stanhope.
Mr. Buchanan.	Mr. Webb.

The Army Store Accounts, 1893–94, were considered.

Mr. *R. H. Knox*, C.B., Sir *Charles L. Ryan*, K.C.B., Mr. *G. L. Ryder*, C.B., and Mr. *G. Fleetwood Wilson*, C.B., were examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 27*th March* 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Hanbury.	Sir John Hibbert.
Mr. Arthur O'Connor.	Mr. Arthur Williams.
Mr. Mowbray.	Mr. Bartley.
Sir Arthur Hayter.	

The Navy Appropriation Account, 1893–94, was considered.

Sir *Gerald Fitz-Gerald*, K.C.M.G., Sir *Charles L. Ryan*, K.C.B., Mr. *G. L. Ryder*, C.B., Mr. *H. F. R. Yorke*, and Major *H. Pilkington*, R.E., were examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 3rd April 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Arthur O'Connor.	Sir John Gorst.
Mr. Mowbray.	Mr. Bartley.
Sir John Hibbert.	Mr. Alpheus Morton.
Mr. Philip Stanhope.	Mr. Buchanan.
Sir Arthur Hayter.	

The Naval Defence Acts, 1889, 1893–94, were considered.

The Imperial Defence Act, 1888 (Naval Section) Account, 1893–94, was considered.

The Navy Stores Accounts, Dockyard Expense Accounts, Victualling Yard Manufacturing Accounts, and Greenwich Hospital Accounts, were considered.

Sir *Gerald Fitz-Gerald*, K.C.M.G., Mr. *Gordon Miller*, Sir *Charles Ryan*, K.C.B., Mr. *G. L. Ryder*, C.B., Mr. *H. F. R. Yorke*, and Colonel *Thales Pease*, C.B., were examined.

[Adjourned till Wednesday, 1st May, at Two o'clock.

Wednesday, 1st May 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Sir Arthur Hayter.	Mr. Arthur O'Connor.
Sir John Hibbert.	Mr. Buchanan.
Mr. Mowbray.	Mr. Alpheus Morton.

Postponed paragraph 7 of Navy (Dockyard Expense Accounts), was further considered.

Sir *Gerald FitzGerald*, K.C.M.G., and Mr. *Gordon Miller*, were further examined.

Postponed paragraph 1 of Navy (Store Accounts), was further considered.

Mr. *Gordon Miller* was further examined.

Postponed paragraph 13 of Naval Defence Acts (1889 and 1893) Accounts, was further considered.

Mr. *Gordon Miller* was further examined.

The Army (Clothing Factory) Accounts were considered.

Mr. *G. Fleetwood Wilson*, C.B., was examined.

The Chelsea Hospital Account was considered.

Major-General *C. W. Robinson*, C.B., Sir *Charles Ryan*, K.C.B., Mr. *R. Knox*, C.B., Mr. *G. L. Ryder*, C.B., and Mr. *J. Dowling*, were examined.

The Army (Ordnance Factories) Accounts were considered.

Mr. *R. Knox*, C.B., Mr. *D. W. Anderson*, Sir *Charles Ryan*, K.C.B., and Mr. *G. L. Ryder*, C.B., were examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 8th May 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Arthur O'Connor.
Mr. Mowbray.
Mr. Thornton.
Sir John Gorst.
Sir John Hibbert.
Mr. Buchanan.
Sir Arthur Hayter.
Mr. Philip Stanhope.
Mr. Alpheus Morton.

Vote 12 (Peterhead Harbour) of Civil Service Appropriation Accounts, Class I., was considered.

Sir *Gerald FitzGerald*, K.C.B., Sir *Charles Ryan*, K.C.B., and Mr. *Ryder*, C.B., were examined.

The Army (Ordnance Factories) Accounts, 1893-94, were further considered, and Army (Ordnance Factories) Appropriation Account, 1893-94, was considered.

Mr. *D. Anderson* and Mr. *R. H. Knox*, C.B., were further examined.

The Military Forces Localisation Account, 1893-94, the Imperial Defence Act, 1888 (Military Section) (Ports and Coaling Stations) Account, 1893-94, and the Barracks Act, 1890, Account, 1893-94, were considered.

Mr. *R. H. Knox*, C.B., Sir *Charles Ryan*, K.C.B., and Mr. *G. L. Ryder*, C.B., were further examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 15th May 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Sir John Hibbert.
Mr. Hanbury.
Mr. Thornton.
Mr. Mowbray.
Mr. Philip Stanhope.
Sir John Gorst.
Mr. Arthur Williams.
Mr. Buchanan.
Sir Arthur Hayter.
Mr. Alpheus Morton.
Mr. Bartley.
Mr. Cameron Corbett.

The Civil Service Appropriation Accounts (1893-94), Classes I., II. (to Vote 28), were considered.

Sir *Charles Ryan*, K.C.B., Sir *Edward Hamilton*, K.C.B., Mr. *H. W. Primrose*, C.B., Mr. *Cosmo Monkhouse*, Mr. *John Smith*, and Mr. *T. D. Pigott*, were examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 22nd May 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Mowbray.
Mr. Hanbury.
Mr. Arthur Williams.
Mr. Buchanan.
Mr. Arthur O'Connor.
Mr. Thornton.
Sir John Gorst.
Mr. Alpheus Morton.
Sir Arthur Hayter.

The Civil Service Appropriation Accounts (Class II., from Vote 28, and Class III., to Vote 7, were considered.

Postponed

Postponed Vote 10, Class II., was further considered.

Sir *Edward Hamilton*, K.C.B., Sir *Charles Ryan*, K.C.B., Mr. *Alfred Pike*, Mr. *Carey Knyvett*, C.B., Mr. *Costeker*, Dr. *Nicolson*, Mr. *Alfred Richard Pennefather*, and Mr. *T. H. Elliott*, were examined.

[Adjourned till Wednesday next, at Two o'clock.

Wednesday, 29th May 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Arthur Williams.	Mr. Mowbray.
Mr. Hanbury.	Sir Arthur Hayter.
Mr. Buchanan.	Mr. Arthur O'Connor.
Mr. Thornton.	Mr. Alpheus Morton.
Sir John Hibbert.	Mr. Bartley.

DRAFT SECOND REPORT, proposed by the *Chairman*, read the first time, as follows:—

"ARMY APPROPRIATION ACCOUNT, 1893–94.

"INDIAN HOME EFFECTIVE CHARGES.

"1. YOUR Committee observe that the detailed test examination which has been going on yearly since 1876, and was this year directed to Vote I., Pay of the Army, has proved satisfactory. Q. 58.

"2. Your Committee notice that the 7*l.* 10*s.* capitation per man on the establishment of the European Army in India, which was accepted tentatively by the Home Government and the Government of India, has not been treated as a final settlement; that no actual basis of such settlement has been arrived at, and that the matter is included in those matters which it was proposed to refer to the Royal Commission on Indian Home Charges. Q. 76. Q. 75.

"3. It will be seen from the evidence that the above rate includes the cost of depôt charges, the staff of the depôts, the charges of the men who are trained and embarked for India, educational charges, the pay of certain men on the passage to and from India, the cost of the discharge depôt, the Netley Hospital, and some other particulars. The strength of the establishment in India has varied and may vary, but the number on which the rate of 7*l.* 10*s.* is reckoned, as a theoretical factor, is 72,858. Q. 64. Q. 68. Q. 79.

"EXPLANATIONS OF SURPLUSES AND DEFICITS.

"4. It will be seen from your Committee's Report of last Session that the Comptroller and Auditor General brought to notice that last year the explanations by the War Office of "casual differences" were often insufficient, as being little more than statements of the fact. This year the War Office have rendered fuller explanations, which upon the face of them seem satisfactory; and the Comptroller and Auditor General so accepts them as administrative representations, given, not on his authority, but upon that of the War Office. Q. 89-97.

"VOTE 1.

"CONTRIBUTIONS FROM COLONIES FOR BRITISH TROOPS.

"5. In reference to the military contribution from the Mauritius, the Treasury claim 30,000*l.*, whereas the Crown Colony pleads that it can pay only 15,000*l.* Your Committee observe that a correspondence on the subject is going on between the Home Government and the Colony upon the subject. Further, the amounts of contribution are being considered by a Departmental Committee both for Mauritius and other Eastern Colonies. Thus the question does not seem ripe for any conclusive remark by your Committee. Q. 102-3. Q. 119.

"ISSUE OF EXTRA DUTY PAY.

"6. Your Committee found in paragraph 11 of the Comptroller and Auditor General's Report that certain soldiers, drawing their ordinary pay, have been employed on special duty under a regulation which prescribes that they shall be paid so much for each day upon which the duties have been actually performed, and that, nevertheless, they have been paid on Sundays, when they did not do any work. This payment is, of course, inconsistent with the Regulation. Q. 141.

Regulation. But your Committee learn that the War Office, with the consent of the Treasury,
Q. 152. have arranged for an alteration in the Regulation, so as to authorise payments of this nature,
in regard to certain appointments in which the operation of the Regulation would otherwise
Q. 142. be inconvenient, as the men were really doing the work as if they were holding a regular
Q. 150. appointment. Your Committee understand that the alteration will prevent the question arising in future.

"Sub-Head C.—Regimental Pay.

Q. 158. "7. Your Committee's notice has been drawn to the surplus of 80,533*l*., due mainly to an over-estimate of the amount of deferred pay earned by service in India. The War Office state that this deferred pay is an item peculiarly hard to estimate; but hope that a condition has
Q. 160. been reached in which the figures can fairly be relied upon. But no such surplus increases the gross sum expendible on other Sub-Heads of Vote 1, because it is balanced by an equivalent falling-off in receipts from India appropriated in aid of that Vote.

"Sub-Head E.—Regimental Allowances.

Q. 162. "8. Your Committee observe that in Egypt there is an expenditure larger than the Grant, due to the presence of additional troops there: Egypt is, however, paying only a fixed charge, which stands at 87,000*l*. per annum.

"Vote 7.

"Employment of Troops in aid of the Civil Power.

"9. From paragraph 12 of the Comptroller and Auditor General's Report, it appears that troops were employed in certain disturbed districts, and that for their maintenance or billeting
Q. 163. a larger, or full billeting, allowance was payable under the Army Act up to a certain time, and a lesser allowance, by the rules of the War Office, under the Act, subsequently to that time. But the allowance at the higher rate continued to be paid after that time by the military authority on the spot, and as the thing had been done, the War Office confirmed the action, with the sanction of the Treasury, in this case as a special one, the recurrence of which it was
Q. 170. intended to prevent in future; as the officers will have clear instructions. The extra cost caused hereby amounted to 3,438*l*. The higher rate was that of 1*s*. 9*d*. per man daily, the lesser allowance 10*d*. The time during which the higher allowance should be paid was,
Q. 168. according to the rules and practice of the War Office (that of) three days.

"10. The War Office explained to your Committee that the innkeeper is called upon to provide a hot meal, as it is called, and lodging and everything for the soldier for three days. The power of claiming this from the innkeeper at the price of 1*s*. 9*d*. a day is limited to three days. After that he is only obliged to house the soldier and to give him the condiments for his food for 4*d*. a day, the soldier himself providing the food. The soldier would get 6*d*. a day
Q. 172–4. in lieu of his ration. The 4*d*. and the 6*d*. together make up the 10*d*. above mentioned. In the Schedule of the Army Act, however, the rate of 4*d*. only is entered.

"11. A question arose before your Committee as to whether the limitation of the time to three days is authorised by the Army Act. The War Office hold that it is, adducing the Second Schedule of the Army Act of 1881, which provides that the keeper of a victualling home, on whom any soldier is billeted, shall, if required by the soldier, furnish him for every day of the march, and for not more than two days if the soldier is halted at an intermediate
Q. 186–7. place on the march; and on the day of his arrival at the place of final destination, with one hot meal on each day. Again, under Clause 106 of the Army Act, 1881 which is the main Act, it is provided that, 'there shall be paid to the keeper of a victualling house for the 'accommodation furnished by him, in pursuance of this Act, the prices for the time being 'authorised on this behalf by Parliament'—that is to say, the 1*s*. 9*d*. and the 4*d*. already mentioned. But periods of limitation for these payments are fixed by the billeting sections of the Army Act.

"12. The main, or substantive Army Act, is put in force by the Annual Army Act which
Q. 194. lays down the limits above mentioned. In other words, the Annual Act follows upon the main Army Act, and lays down the rates at which the innkeeper is to be paid under that main Act.

"13. Respecting the time of three days, the War Office explain to your Committee that
Q. 213. it is made up of the two days' halt at an intermediate place mentioned in the law, *plus* the day on which the soldier arrives at that place. Certain things are to be supplied by the innkeeper in return for the 1*s*. 9*d* a day, for those days. If he were to continue to supply those things for subsequent days it would be inequitable to withhold that full rate. But as a rule he is not called upon to supply all these things, and therefore he is paid at the lower rate.

Q. 220. "14. In the particular cases under review, the innkeeper did continue providing all the things after the three days had passed, and he was paid accordingly.

C. 87. "15. On the whole, your Committee consider that the War Office are right in limiting the full supply of articles to three days, and the consequent allowance of 1*s*. 9*d*., the lesser supply

or

or provision, and the lesser allowance in consequence to prevail for subsequent days, and they will doubtless issue the necessary instructions for the future, reminding officers of the existing law and regulations. But if from any special circumstances the innkeeper should have been required after the three days to go on furnishing the full supply, he would be paid at the full rate.

"16. But further, the Comptroller and Auditor General (paragraph 12) points out that the sum of 3,438*l.* under discussion is not the actual cost of billeting the troops, but represents merely the additional expenditure imposed upon the Army Votes in consequence of the special payments which had to be made as above. The War Office and the Treasury, however, agree that such excess-charges, or the imposition of excess billeting charges should in future fall on the local authorities in whose aid the troops are employed. The Statute Law, however, makes no provision for the apportionment of such expenditure between army funds and local funds. The Treasury now consider that this defect in the Statute Law ought to be remedied by providing in the next Army Act, or at some other opportunity, for the imposition of the excess billeting charge in future cases upon the funds of the local authorities in whose aid the troops are employed. Q. 237.

"17. Your Committee would commend this suggestion to the consideration of Parliament.

"Sub-Head E.—Rents, Rates, and Water Supply.

"18. In reference to the deficit of 4,968*l.*, which is partly accounted for by increased charges for rates abroad, especially at Gibraltar, your Committee learn that it is the local rates that are referred to. Hence the question arises whether the Government buildings at Gibraltar are assessed just the same as other property in the town. Your Committee are informed that such is the case. Q. 261.

"Sub-Heads F. and G.—Deficits.

"19. These are attributed to increase in the forces in Egypt. It appears, as already stated in paragraph 8, that the ordinary fixed contribution from Egypt amounts to 87,000*l.* as a settled amount without variation, according to prices or other circumstances. But if from some special cause additional troops have to be sent, then a further contribution is obtained, and recently as much as 50,000*l.* was thus obtained, though possibly the British Government may be at some small loss in reference to its troops being there. Q. 266. Q. 267. Q. 269.

"Vote 8.

"Clothing Establishments and Services.

"20. Your Committee observe that in Sub-Head G. there is an excess expenditure of 26,568*l.* This represents an increase to the stock of the year, and will come in aid for the next year. The quantity required was under-estimated. Your Committee have impressed on those concerned the importance of making these Estimates as closely as possible. Q. 270-1.

"Vote 9.

"Inspection Department:

"Balance Sheet.

"21. In his 13th paragraph the Comptroller and Auditor General adverts to the balance sheet of the Inspection Department. He observes that until the cost of certain establishments is ascertained and included in the general balance sheet of the Inspection Department, the full value of the balance sheet will not be realised. Further, he remarks that if the value of the stores inspected were given with the balance sheet, it would serve the useful purpose of enabling a comparison to be made from year to year of the relation borne by such value to the cost of inspection. And he has rightly understood that this was the view or intention of your Committee, in order that Parliament may know exactly how the money is spent for the work of inspection. Q. 277-8.

"22. The War Office has, however, understood differently the object of this balance sheet. They supposed that this object was to fix the charges as between the Army and Navy for this purpose, and they say that the account never was furnished or attached to the Appropriation Accounts, and that it is not a manufacturing account. Further, they represent that the balance sheet includes all the establishments contemplated by the Comptroller and Auditor General in so far as relates to the establishments employed in inspecting stores at Woolwich. But they apprehend that the Comptroller and Auditor General wishes to include much more than that, comprising all the expenditure which is incurred throughout the service on account of establishments engaged in inspection of any kind. The Comptroller and Auditor General rejoins that if the balance sheet does not contain all that he requires, then it will not be technically accurate, and will not serve for the information of Parliament. The Treasury concur in this view; but doubt whether it would be worth while going to the trouble and expense of preparing such a balance sheet. The War Office do not deny the possibility of Q. 279. Q. 282. Q. 283. Q. 286. Q. 292.

Qs. 285 & 304. preparing such a balance sheet, but urge that it will cause much trouble, involving expense of something under 3,000*l*.

"23. On the whole, your Committee feel constrained to observe that the War Office have not as yet given that full degree of attention to this matter which was needed for carrying out the wishes of the Comptroller and Auditor General, whose wishes, indeed, were in accord with the intention of the Public Accounts Committee. Your Committee now recommend that the War Office take up the question of preparing a perfect balance sheet as proposed by the Comptroller and Auditor General, and ascertain exactly the cost of preparing it. If such cost should not prove so great as to be prohibitory, then your Committee think that such a balance sheet should be prepared.

"Brennan Torpedo Installations.

"24. A question having arisen as to the transfer of an item of 385*l*. from the Imperial Defence Fund to Vote 10, your Committee learn from the War Office that such items will
Q. 338. henceforth be provided for in Vote 9. The Comptroller and Auditor General acquiesces in this adjustment, provided that the principle be maintained that expenditure should be charged against the Vote in which it is provided for.

"Cost of Repair of Guns for Proof and Experimental Purposes.

"25. Your Committee learn from paragraph 18 of the Comptroller and Auditor General's Report that it was proposed that the cost of the upkeep of experimental guns used in common by the Admiralty and the War Department should be borne equally by both the Army and Navy Votes. This cost, however, which is considerable, has been charged almost exclusively to the Army Vote. There seems to be no reason why the equitable division between the two
Q. 343. great Departments should be departed from. Your Committee learn from the War Office that the matter is under the consideration of the Inspection Department, and will shortly be reported upon. Meanwhile they have impressed on the War Office the general desirability of making the equitable distribution.

"Royalties on Carriage Mountings.

"26. Your Committee learn that under this head a sum of 2,637*l*. 6*s*. 9*d*. should have been
Q. 349. charged to the Imperial Defence Loan instead of to the Army Votes. It appears to have been supposed at the time that there were not sufficient funds in the Imperial Defence Account to meet the charge. The item will now be charged to that account, with the approval of the
Q. 350–2. Treasury; and the result will be to increase the net surplus to be surrendered on the Army Appropriation Account, 1893–94, from 61,879*l*. 17*s*. 6*d*. to 64,537*l*. 4*s*. 3*d*.

"Free Grants.

"27. Your Committee observe that in Zanzibar certain issues of stores, made in 1892–93, were not included in the Appropriation Account of that year, and had to be brought on to the
Q. 353. accounts of the next year. This appears to have been simply an error or accidental omission.
Q. 357. and your Committee have drawn the attention of the War Office thereto.

"Uncertainty of Estimates for Warlike Stores.

"28. Your Committee observe that under certain Sub-Heads of Vote 9 a large sum out of
Q. 363–4. the Grant remained unexpended, while under others there was expended much more than the Grant. In answer to this, the War Office reply that there are often difficulties with the contractors and the factories in the punctual delivery of stores, all which disturbs the desired correspondence between the estimates and the expenditure. Your Committee have impressed on the War Office the desirability of securing such correspondence more nearly than heretofore.

"Vote 10.

"Transfers of War Office Property.

"29. A question has arisen as to whether full effect has been given to the recommendation made in your Committee's last Report, to the effect that information should be given not only to the Comptroller and Auditor General, but to Parliament, regarding exchanges or transfer of land. The Comptroller and Auditor General reports in his paragraph 21, that in some cases this year the information afforded by the War Office does not meet this requirement.

"30. In their Report of last year your Committee observed that there are no official means whereby transactions relating to exchanges of land are required to be brought under
Q. 376 the cognisance of Parliament, unless some expenditure of money is involved. A Treasury Minute was subsequently issued in accordance therewith. The intention certainly was that in such cases a note should be appended. The War Office, however, appears to have placed a somewhat narrower interpretation on the intention of your Committee and propose to append such a note only in those cases where no money passes: while in other cases some small sum would be entered, just enough to attract the notice of the Comptroller and Auditor General,

General, and enable him to follow up the transaction. To this the Comptroller and Auditor General rejoins that in this way the transaction would indeed be brought to his notice, but not to the notice of Parliament. And the object is that Parliament should be informed Q. 371.

"31. Your Committe now adhere to the view of the Comptroller and Auditor General. They notice a case where 500*l.* is set down where the transaction was really for 5,000*l.*; the Comptroller and Auditor General might follow it up, but the statement might of itself have a misleading effect on Parliament. They have impressed on the War Office the desirability of furnishing a complete note in all these cases, such a note as may be understood by Parliament; and they learn that there will be no difficulty in doing this. Q. 384. Q. 377. Q. 392.

VOTE 14.

CONCURRENT ISSUE OF HALF-PAY AND PAY AS COLONEL OF MILITIA ARTILLERY.

"32. The Comptroller and Auditor General, in his paragraph 22, notices that to a certain officer there was issued half-pay while he was holding a military appointment. There is, indeed, no definition of the term 'military appointment.' But the War Office inform your Committee that the officer in question was an officer of militia; that is to say, he came out for a month during the year and received pay for that month; and that this is not, according to the interpretation of the War Office, a military appointment. Such an appointment would be a position which a man holds and for which he draws pay *continuously*. It is added that many officers and men go on half-pay for a limited time, and draw that continuously with a view to holding a commission in the militia, for which they draw the one month's pay annually. Your Committee learn that the Treasury consider that the War Office should define the term 'military appointment,' and embody the definition in the Pay Warrant. The interpretation as above set forth would doubtless be accepted. It would apply to the auxiliary forces and the Yeomanry. Q. 399. Q. 415. Q. 405.

"VOTE 16.

"SIR EVAN NEPEAN'S COMPENSATION ALLOWANCE.

"33. By his paragraph 23 the Comptroller and Auditor General has drawn attention to the extraordinary case of the pension to Sir Evan Nepean. He is unable to pass the present allowance to this retired officer without noticing the unusual character both of the original award and of the subsequent action regarding it. The case may be summarised thus: Sir Evan Nepean, Director of Contracts, at the age of 54, not being then entitled to full pension, was, at his own request, allowed to retire under the provisions of the Superannuation Act of 1859, on the understanding that he was to receive his pension at a certain rate on attaining the age of 60 years. This compensation allowance of 950*l.* per annum was calculated upon his actual service of 38 years, and was 50*l.* per annum less than he would have earned by remaining in the Service until the age of 60. The reason was that he wished to take up some private employment at once without forfeiting his claim to pension, when six years later he should attain the pensionable age of 60. But before he attained this age the employment failed, and he then desired to come back at once to his governmental status and to obtain a pension at same rate; in other words, to draw as much of his deferred compensation allowance as could be given to him. This was fixed at 697*l.* 16*s.* 6*d.* per annum, being the then actuarial value of the deferred allowance of 950*l.* which had been awarded to him, as mentioned above. Q. 418. Q. 419.

"34. When asked for explanation by your Committee, the War Office admit that such an arrangement as this was quite extraordinary; but offer the following explanation. The War Office was being reorganised, and ordinary clerks who had given more than 30 years' service were permitted to retire, provided they complied with the conditions of the Superannuation Act. Accordingly Sir Evan Nepean applied to retire and claimed a pension. It was found however, that for a retirement of that kind a saving to the public must be shown. When the calculation was made of what his pension would be, and what the charges would be consequent on his retirement, it could not be shown that there was a saving to the public; but by postponing the issue of his pension until he reached the age of 60, it was shown that a saving would arise, and that, therefore, the conditions of the Act would be met by the peculiar arrangement above described. Sir Evan Nepean, having entered on the arrangement for the sake of employment elsewhere, found that this employment shortly afterwards failed, and then he became anxious to draw some pension at once. The War Office held that obviously he could not draw the pension which had been definitely postponed; but it was decided that he could have an equivalent to that pension payable earlier, only diminished so as to bring about an exact balance, so far as the charge was concerned, with an annuity to be given at a later date. In other words, he may be said to have got a present annuity instead of a deferred annuity. Q. 420. Q. 421. Q. 422.

"35. Your Committee learn that the Treasury sanctioned these two arrangements; first, the one in 1891, by which Sir Evan Nepean retired on a prospective pension; secondly, that of 1893, by which, on his return, he received a modified pension. They held that it was within their power under the Superannuation Act to allow an arrangement by which the public gained, and which was also to the supposed advantage of a very meritorious public officer; and, therefore, they thought they might sanction it. The Treasury have explained to your Committee that there was, in consequence of the retirement of Sir Evan Nepean, the abolition of a Senior Clerkship, also some reorganisation departmentally; they indicate that, in one way and another, there was some gain or saving financially by these arrangements. It is difficult, or impossible, for your Committee to offer an opinion on these details. The judgment of the Treasury on these points must be accepted. Doubtless, when it had been decided to make the Q. 423.

arrangement for Sir Evan Nepean the Treasury took care that the financial terms were settled with due regard to financial economy. And, certainly, the Superannuation Act does under such circumstances give a very wide power to the Treasury. It is consequently contended that their action in this case was legal. Your Committee are not prepared to question this, although the Act adverts mainly (but not entirely) to the abolition of office and compensation for the loss of the same; but this condition does not apply to Sir Evan Nepean, as the case arose out
Q. 449. of his volition. The Act further adverts to reorganisation: and the judgment of the Treasury
Q. 452. must, your Committee understand, be accepted as to whether there was in this case such reorganisation as that contemplated by the law.

"36. But granting that the action in this case was legal, or at least that its legality could not be well disputed, there would remain the question as to whether these proceedings were politic in reference to the good ordering of the public service. Your Committee are reluctant to discuss the policy of the proceedings of so high an authority as the Treasury; but yet can hardly avoid adverting to the subject. Once the arrangement of 1891 had been made, your Committee are prepared to admit that the arrangement of 1893 was nearly inevitable, and so far appreciate the imperative reasoning under which the Treasury acted. But this throws back the doubt upon the arrangement of 1891. And here it is impossible for your Committee to express any concurrence. The proceedings were admittedly extraordinary, as an officer not entitled to pension was permitted to retire five or six years before his pensionable time on the prospect of a pension payable when that time arrived. Ordinarily he would be bound to serve out his time for pension; if for his own interest he chose to retire before that time, he ought to have accepted the operation of the rules of the service. The consequence of the whole arrangement has been that there has been thrown on the present year a charge which might never fall on the public at all, as the recipient might not live to 1896. A special arrangement apart from those rules was doubtless for his advantage personally, real or supposed. But it would form a most inconvenient precedent, unless some really public reasons could be adduced. Your Committee have failed to perceive any adequate justification, though much explanation by way of justification has been given.

"Valuation of Reserve Stores.

"37. In his paragraph 25 the Comptroller and Auditor General remarks on the absence of a note (corresponding to that appended to the Statement of Stock of Clothing, &c.), as to the value of the land service stores, which may have been included in the present statement, though not paid for until 1894–95. The War Office, in reply thereto, inform your Committee that there is no similar system of pre-deliveries of stores at the Arsenal as there is at the Clothing Factory.

"STORE ACCOUNTS OF THE ARMY.

"Transfer of Stores to the Admiralty.

"38. In the Report of the Public Accounts Committee of last year it was stated that the
Q. 469. rate of valuation deserved further consideration. From his present Report it appears that the Comptroller and Auditor General has learnt that the War Office is in correspondence with the Admiralty, with a view to either altering the one-tenth rate (that is the charge of only one-tenth of vocabulary prices), or extending it definitely to stores which one Department does not want and the other can use at once; also in regard to the general correctness of the one-tenth
Q. 472. rate for obsolete or unserviceable warlike stores. Your Committee learn that the discussion has been going on since the 18th of October last, after the issue of the Treasury Minute on the
Q. 471. subject, and that a settlement between the two Departments is very shortly to be expected.

"Surplus Gunpowder at Purfleet.

Q. 473. "39. In paragraph 4 of his Report the Comptroller and Auditor General observes that transfers between the Army and Navy Accounts affecting the ledger balances of various kinds of powder have been made in cases where surpluses on either charge could be set off against corresponding deficiencies, and that no action appears to have been taken with regard to the remaining discrepancies beyond taking the surplus on charge.

Q. 477. "40. Your Committee learn from the War Office that some difficulties arose when, for the first time, a division of these stores was made between the Army and Navy, and that no
Q. 473 principle had been adopted in the adjustment between the two Departments in the charges for gunpowder. The adjustments were carried out without any money passing between the two Departments. It appears further that the two stocks, although not always kept in separate
Q. 470. magazines, are differently marked, being marked "Army" and "Navy" and so distinguished.

"41. In reference hereto your Committee had to consider how an amount of 60,000 pounds of gunpowder was omitted to be brought on charge. The War Office doubt whether the question can now be answered. In 1885–86, when large military preparations were undertaken under the Vote of Credit for 11 millions, about half a million was spent on gunpowder. Under such
Q. 486. pressure the delivery of a number of barrels might have escaped the proper notation of a supporting voucher. Barrels were moved from one magazine to another during the process of stocktaking in that year, with the effect of concealing the actual quantities from the officer engaged in taking stock. The ordinary orders, if acted upon fully, should have prevented this, but

but it occurred under the exigencies of the time. Every inquiry was made to ascertain how it could have happened. There could not have been complete watchfulness on the part of the officer responsible for taking stock. The storekeeper (since deceased) had knowleege of this so far back as 1889, according to hearsay evidence, for he communicated this knowledge to others. But the surplus was not discovered by the War Office till 1893, when searching inquiries had been made; and the virtual concealment for so long a time does raise an apprehension that some sort of improper collusion may have existed, though the persons concerned would belong chiefly to the humblest grade. Your Committee gather that, while the principal officials concerned are dead, still some employés remain, although of a humble grade; and recommend that if any of them can be shown on inquiry to have been a party to the collusion due notice should be taken of his conduct. Q. 489. Q. 495.

"ROYAL GUN FACTORY REPAIR LEDGERS.

"41A. In his 5th paragraph the Comptroller and Auditor General adverts to certain guns that were sent in for repair and were kept for an excessively long time, and remarks that, in view of the change of pattern to which stores of this class are especially liable, instances might occur in which, through lapse of time, guns might become obsolete between the date of their issue for repair and their return to the Commissary General. The War Office explain to your Committee that the statement, though called a return of stores repairable, is not fully and strictly a return in that sense. It was found, however, that no account had been kept of the stores handed over to the Director General, ostensibly for the purpose of being repaired, and the preparation of such account was ordered. The account thus prepared contains a complete statement of all these stores. But, in fact, guns and carriages had come in from different stations and had been sent to the factories because there was no other place for them to be sent to, but they were sent not necessarily for the purpose of being repaired. In many cases orders have been given that they should be broken up, as they were not fit to be repaired. But as regards those guns which are sent and are ordered to be repaired, they are returned in due course, and the Commissary General has the means of watching them being returned. Such guns would not be retained without good reason and without due notice being taken. Q. 556. Q. 556.

"42. Your Committee learn that all the stores sent to the factories, whether they be for repair or not, do all go into one ledger, which is still called the repair ledger, and it cannot be decided when they are thus entered whether they are for repair until they shall have been overhauled by the experts. In some cases the consideration as to what should be done with them may extend over a long time. The War Office consider that it would be inconvenient to have a ledger for stores to be repaired as separate from the general ledger. Your Committee think that the matter may rest as it is in the War Department. Q. 573. Q. 587.

"43. The War Office has given an assurance that in none of these cases has there been any delay prejudicial to the interests of the service, or which could have been lessened by any act on the part of the factory or of the Commissary General in urging on the work.

"SALE OF STORES OTHERWISE THAN BY PUBLIC AUCTION OR TENDER.

"44. Your Committee in 1889 held that the sale of stores should be under the sanction and control of strict regulations. From the present Report of the Comptroller and Auditor General there arises the question, in the opinion of your Committee, as to whether such regulations have been adequately framed. The War Office agree that the general rule is that these stores shall be sold by auction. But sometimes an opportunity occurs for selling special stores otherwise than by auction, a fair bargain being made with regard to them. In 1889 the War Office considerod that the special sanction of the Financial Secretary should be given in each case; further, that the Store Department should confer with another Department (the Director of Contracts), and that such arrangements should be approved by the Financial Secretary; so that three independent and responsible persons should agree in the transaction. The evidence now given by the War Office before your Committee is to the same effect, with the addition that no further regulation beyond this appears to be practicable. Q. 600. Q. 591.

"45. The Treasury seemed inclined, in 1889, to go somewhat further, and consider the existing regulation to be that sales take place by auction as a general rule, but there are cases to which this rule does not apply; and regulations might be made defining these exceptions and specifying what are the circumstances which would warrant an exception to the general rule. Q. 597.

"46. Your Committee think that the matter should now be further considered by the Treasury, in order that the practice for the future may be regulated; though apparently it is possible that the Treasury might be satisfied with some such practice as that described by the War Office. Q. 603.

"SALE OF GOVERNMENT CLOTH.—CASE OF A MASTER TAILOR AT CANTERBURY.

"47. From Paragraph 7 of the Comptroller and Auditor General's Report your Committee observe that a fire occurred in the Canterbury Clothing Store, in 1891, in consequence of which event some losses of stores were written off, and shortly afterwards it was discovered that the civilian master tailor had been disposing of abnormally large Q. 630.

quantities of stores to firms in the City of London; then it appeared that there was a large surplus of stock which could not be fully accounted for; and, putting all these things together, the conclusion was arrived at that stores had been saved from the fire, and then
Q. 630. had either been fraudulently secreted or carelessly overlooked.

"48. It further appears that, in view of the opinion of the Treasury Solicitor, it was not deemed advisable under the circumstances to institute criminal proceedings against the master tailor. Your Committee learn that the difficulty in prosecuting arose partly, and partly only, in this wise: the cloth in his possession was alleged by the master tailor to have consisted of savings
Q. 631. which had accrued by reason of his ingenuity in tracing the patterns and applying them to the cloth. In reference to this, however, it is to be remembered that, under the regulation, such savings ought to have been returned to the Clothing Department. This regulation ought to
Q. 632. have been pointed out to the master tailor by the Commandant of the Cavalry Depôt, and, apparently, that was not done. At the most, however, this defence would be but partial, for no such saving would suffice to account for the surplus of cloth discovered.

Q. 633. "49. A further defence was offered, to the effect that the master tailor alleged that he had largely used cloth of his own, other than Government cloth; that he had bought certain cloth and made it up into army garments, and hence considered himself entitled to keep the
Q. 634 army cloth he did not use. This admission of the illegal disposal of Government cloth, for illegal it clearly was, accounted for the fact that the manager of the Army and Navy Stores had seen carriage rugs with the Government stamp on the cloth. When the sale of cloth in the City was reported to the clothing authorities suspicion was aroused, and detectives were employed who traced the fact. On the discoveries being made, there was found about 600*l.* worth of cloth in the master tailor's hands, which was impounded. The man was really the servant of the Commandant of the Depôt, by whom he was dismissed.

Q. 647. "50. All known facts and all the papers were laid before the Solicitor to the Treasury, and he did not advise a prosecution, partly because of the conditions under which the man had been working, and partly because there was no proof that he had been made conversant
Q. 653. with the rules under which he was working. Laxity of supervision on the part of the
Q. 655. Commandant was found to exist. Consequently he was reproved by the Adjutant General. The quartermaster was also held to be blameworthy in respect of supervision and control, and he had to retire.

"51. This case occurred under the old system which has been abolished. Your Committee observe that the system rendered such cases possible, that it was not well administered, that
Q. 659. in this instance there was laxity on the part of the officers, and probably some fraud on the part of others, as well as confusion of accounts in the Tailoring Department. By that system
Q. 649. all the Army made up their own clothing. They asked for the cloth and used it up locally. Thus there might indeed be accumulations of cloth. This system was abolished for the Infantry, but was retained for a while with the Cavalry. Then for the Cavalry also it was
Q. 647. abolished; and Canterbury was the last place where it obtained.

"52. By the new system all the regiments must send their size rolls to the Clothing Department, and so get the actual garments they require for the men. That department is
Q. 649. now confident that under this system such a case as that now under comment would be impossible.

"53. Your Committee have been led by this case to consider the history of the application of the new system to the Cavalry. Up to 1887 all the cavalry regiments, including the
Q. 650. Cavalry Depôt, received materials for the men's clothing which were made in the regiments by civilian master tailors. In 1887 sergeant master tailors were appointed to the seven regiments belonging to the First Army Corps, and it was decided to supply the men with made-up clothing. The first issue of such clothing was for the year beginning with the 1st April 1888. Then, in 1889 it was decided to extend this system to all cavalry regiments. This decision was carried into effect with the clothing for issue on 1st April 1892 the bulk of which was supplied in a made up state for all cavalry regiments, with the exception of the three regiments of the Household Cavalry Depôt. It was in this way that the case under comment occurred at the Cavalry Depôt. At that time it could not have happened in any line regiment of cavalry. In these regiments it was arranged that the civilian master tailors should be replaced by military master tailors as soon as the clothing due on 1st April 1893 had been made up and fitted, and that thenceforth made-up clothing should be supplied.

"54. The three regiments of Household Cavalry are still supplied with the materials for
Q. 665. the men's clothing, which is made up regimentally under the superintendence of the commanding officers. The Clothing Department regard them as exceptional troops, and prefer
Q. 672 4. that for them the existing system should continue.

"Losses of Regimental Clothing by Fraud.

"55. From paragraph 8 of the Comptroller and Auditor General's Report it appears that there were certain losses of regimental clothing by fraud in the Royal Irish Rifles Regiment, whereon the quartermaster was cashiered. The Treasury considered that further action was required in reference to the enforcement of the pecuniary liability which the regulations
Q. 713. impose on the commanding officer, and deferred their sanction to the writing off of the loss until your Committee shall have had an opportunity of expressing an opinion on the matter.

On

On this your Committee learn that the Treasury found that by the regulations a certain responsibility rested on the commanding officer, and held that this responsibility ought to be a real one. They gathered from the letter of the War Department that the Secretary of State acknowledged the existence of this responsibility, but was persuaded by his military advisers that the enforcement of it would be nearly impossible. It was considered that the only mode of procedure was by court-martial, and that from such a court a condemnation would probably not be obtained. The Treasury were not satisfied with that. They thought that the responsibility should be made a real one, or else withdrawn altogether. Q. 723. Q. 723.

"56. Apart from this, the Treasury considered that a formal and careful inquiry ought to be made into the conduct of the commanding officer, and that a report should be made showing whether he was to blame, and, if so, how far. In reference to that your Committee learn from the War Office that complete inquiry was made into all the facts and occurrences; which inquiry affected all concerned, including the commanding officer. He gave explanations as to what had happened, but he was not put on his defence as regards any point affecting himself, indeed his explanations had reference to the prosecution of the quartermaster. The Treasury thought that he ought to have been called to account for himself. But this was not done; it was held by the military authorities that no case could be made out as against him, believing that the system was faulty. The Adjutant General had repeatedly protested against that system in respect to the accounts for clothing, urging that it did not admit of the exercise of a proper check by the commanding officer over a quartermaster who was his servant. The War Office hold that in this case responsibility could not be brought home to the commanding officer. Further, the War Office represent to your Committee that although the regulations attach pecuniary responsibility to the officer, still he is protected by the Army Act, and he can be be brought to account only according to the method and the conditions prescribed by that Act; and that unless he be convicted of some offence under that Act, he could not be held pecuniarily responsible under the regulation. Q. 724. Q. 725. Q. 727. Q. 730. Q. 731. Q. 732. Q. 722.

"57. Your Committee then asked the War Office whether the declaration of pecuniary responsibility had not better be withdrawn if it cannot practically be enforced. The reply was in the negative, because if the commanding officer could be proved before a court-martial to have neglected his duty, then such responsibility could very possibly be enforced. Q. 733.

"58. In reference to these official dicta, your Committee have considered how far the then existing system could be held to excuse the commanding officer for the failure on his part to prevent these misdoings. The War Office represent to your Committee that the commanding officer, so far from having neglected his duties, had done his best according to the system under which he had no means of comparing the state of the account with the actual stock at any time. This accords with the official statement of the War Office to the effect that the complicated nature of the Clothing Account had rendered it difficult to detect discrepancies when the quartermaster was deliberately engaged in falsyfying figures. Further, there were Boards of Survey. There was no doubt as to the correctness of these surveys. In the holding of these surveys there were some exceptions or omissions, and to that extent the commanding officer is admittedly to blame. But when the Board of Survey had been held the difficulty was this, there was no account available with which the quantity taken by the survey might be compared. Q. 733. Q. 735. Q. 745.

"59. Yet more; your Committee inquired as to the action of the Director of Clothing. It appears that there were not infrequent delays in the transmission of these surveys, and of the accounts to the Director; sometimes when the account arrived the Survey Report was not with it; in cases of delay, whether of the survey or of the account, the Director sent reminders. Further examination, however, showed your Committee that the case was more grave than this. The accounts were, in fact, always in arrear from this unit; and it was under cover of this delay that the mischief occurred. The Clothing Department repeatedly and constantly pressed for these. But when this pressure failed to produce any adequate result, their remedy was to energetically apply to the military authorities at head-quarters to bring military discipline to bear upon the matter. This they omitted to do. In the end they sent down an inspector, and then he at once discovered that something was wrong. There was no system of local inspection; the system was to check the stock in the hands of the regiment by means of returns. As these returns were in arrear, the condition of the stock up to date could not be checked. Q. 770. Q. 771. Q. 776.

"60. Your Committee find that these frauds relating to ready-made, or made-up clothing, and suspected or discovered in 1890, had been going on for about 10 years before that date. The same man was quartermaster throughout that time, and he was supposed to be the best man of his class in the British Army. The arrears in the rendering of accounts, already alluded to, became very marked by 1890, and then the situation was acute. During this time there were two commanding officers. Nothing was done to discriminate as to whether one of these was more or less to blame than the other; though, of course, it may be said that the officer who took over charge, ought to have satisfied himself that what he has received is correct, and so becomes responsible, and thus the burden would fall on the second of the two officers. The second commanding officer had been in command since 1890. Thus he would appear to have been in command about half the time during which the frauds went on, and to him some of the most pressing demands of the Clothing Department were addressed, and they were transmitted directly to him. Some of the accounts were sent in, but very late; others were promised, but not sent, and then some explanation of the delay was given. Certainly Q. 780. Q. 787. Q. 787. Q. 789.

Q. 790. Q. 793. the commanding officer was conversant with the unsatisfied demands and the delay. All the time the quartermaster was sending returns of stores he did not possess, and no proper care was being taken locally to see whether they were in their place or not. He prepared false returns of stock and induced the commanding officer, unwittingly, to sign them.

Q. 777. "61. The Clothing Department now assure your Committee that the defects of system to which the possibility of these frauds was partly due, but only partly, have been remedied. There have been many and great simplifications, and the success of these is largely owing to the change that was introduced at the time of allowing the men to keep their old clothing. But it is significantly added that no system can succeed if it is not strictly worked out. And the old system, with all its defects, have not even the advantage of being worked by due strictness in these cases.

"62. Upon the evidence before them, your Committee find as follows, respecting financial considerations quite apart from any military consideration. The commanding officer was undoubtedly answerable, from a financial point of view, in not insisting upon the returns being punctually sent in by his quartermaster. This was his financial business, and it appears not to have been done. Even when pressing reminders were received from the Clothing Department, still the returns were not sent in time. The commanding officer is responsible for not duly attending to these reminders.

"63. It was the delay in the transmission of returns that rendered the frauds practicable for so many years, and the commanding officer has his share of responsibility.

"64. In all these failures responsibility, on financial considerations, attached to the commanding officer, and yet he does not seem to have been called to account or put on his defence, as your Committee think that he ought to have been.

"65. The Clothing Department did not press for the returns and accounts with sufficient energy, they did send reminders indeed; but they did not follow the matter up with sufficient persistency when the reminders failed. Had they done so the frauds would have been prevented much sooner.

"66. Having thus reviewed this case of the Royal Irish Rifles, your Committee cannot but regard it in conjunction with the last case reviewed, indeed the immediately preceding case at Canterbury. Now, the Canterbury case occurred under the old system, and the system was blamed, although fault and failure on the part of those administering it were admitted. The system was to be altered, and after such alteration no such cases would occur. Accordingly, the system has been altered. But the other case occured under a new system, and again through fault and failure on the part of those administering it. By the old plan, cloth accumulated for making up clothing regimentally, and losses occurred. Under the new plan, the clothing made up elsewhere is regimentally stored; and again losses occurred. Although in other respects the circumstances of these cases are not quite alike, yet in both there was fraud or misfeasance on the part of subordinates; but there was laxity of supervision on the part of superiors. Thence your Committee conclude that, although the new system may be better than the old, still that new system must, for its efficacy in protecting the public interest, depend on the effective control and care of the superior officers concerned. Without such effectiveness no system however good in itself, can work satisfactorily. Your Committee hope that the notice taken by Parliament of these cases may induce the heads of the great spending departments to bestow additional attention ta the principles involved therein; and they think that the Treasury may now feel justified in sanctioning the write-off of the loss of 2,182*l.* 1*s.* 8*d.* in the case of the Royal Irish Rifles.

"Deficiency of Clothing Stores, Royal Sussex Regiment.

Q. 799. Q. 807. "67. Your Committee notice that deficiences in these stores were found to the value of 283*l.* The quartermaster was brought to a court-martial, and, though acquitted of fraud, was found guilty of having manipulated, or otherwise improperly dealt with his accounts. He was then retired on a reduced pension of 150*l.* instead of 190*l.*, on the condition that a yearly sum of 70*l.* should be deducted from that reduced pension till the sum of 283*l.* should be made good. He had borne a high character; he was strongly recommended to mercy by the court he had been robbed by his storemen.

"Loss of Stores by Robbery at Hong Kong.

Q. 820. Q. 821. "68. In reference to the loss of stores by robbery at Hong Kong, your Committee have had to consider the rules regarding Treasury sanction being obtained to the writing off of losses in the War Department and the Amiralty. It was laid down by the Public Accounts Committee in 1892, that the inability to bring the loss home to an individual should not necessarily relieve the Admiralty of the necessity of obtaining Treasury sanction in a case of this kind. A reference was then made to the War Department, with a view to the same doctrine being accepted there. The desired agreement has not, however, been obtained as yet. It appears that heretofore the War Office have considered that it is not necessary for them to apply to the Treasury except when a case of personal liability is brought home to a certain individual. Such, too, in times past seems to have been the view of the Treasury before the introduction of the present system of Store Audit.

"69. The

"69. The War Office remark that a general officer has himself authority to write off losses of stores within certain limits, stores of a certain kind to the limit of 5*l.*; stores of another kind to a limit of 10*l.* Hence they infer that the Treasury could hardly refuse to the Secretary of State power to write off losses of any kind at all or within any limit. Thus it is argued that the Secretary of State should have power to write off losses within some defined limit. If the Treasury agreed to that, then the War Office would be ready to come to an agreement. On considering these points the Treasury inform your Committee that the matter will be further considered with a view to rules being framed that shall be applicable to the Army and Navy, alike in general principle, though there might be some variations in detail. Your Committee understand that the Treasury will take the matter into early consideration. Q. 827.

"SURPLUSES AND DEFICIENCIES OF STORES, SCHOOL OF MILITARY ENGINEERING, CHATHAM.

"70. The attention of your Committee has been drawn to the setting off of surpluses against deficiencies of stores, with special reference to the School of Military Engineering at Chatham. It is justly held by the Treasury, that this cannot be properly done unless there is a correlation between the stores that are included in the surpluses and deficiencies, and this did not exist at Chatham. The War Office think that such a correlation cannot be insisted upon in an account of this kind. The Chatham institution is a depôt in which all the officers and men of the Engineers are trained in all their trades and multifarious practices. The issue and the returning of stores and tools are constant, and it is difficult to watch them closely. In the Chatham case, surpluses were found to the value of 2,000*l.*, and losses to that of 1,000*l.* But there was no correlation. The deficiencies were mainly in tools which were in daily use, and the surpluses arose from railway plant and boats taken on charge for the first time in consequence of the stock-taking. Q. 839. Q. 839. Q. 841

"71. The Comptroller and Auditor General holds that if the writing off can be done without correlation, or in other words, if surpluses of one kind of stores can be set off against losses of another kind, with which they had nothing to do, then grave losses of public stores might be withheld from the cognizance of the Treasury and of Parliament. And the Treasury appear to concur in this view.

"72. The War Office rejoin that the losses are apparent rather than real, being errors in account. Your Committee must, however, observe that apart from such errors there might be real losses, which should not virtually be kept out of sight by being balanced against surpluses of quite another sort. On the other hand, the surplus might be more apparent than real, as was shown in one case before your Committee, because the surplus was made up by including some valuable stores which had never been brought on account before. Q. 840.

"73. Notwithstanding the view of the War Office, your Committee are clearly of opinion that surpluses should not be set off against deficiencies, by the sole authority of the Secretary of State, unless a correlation be clearly established; and that such setting-off as those shown in the evidence might lead to grave abuses.

"NEW SYSTEM OF ACCOUNTING AT WOOLWICH.

"74. Your Committee observe that independent means of comparison between the ledger balances and the tallies kept by the storeholders have been instituted." Q. 868.

DRAFT REPORT read a second time, paragraph by paragraph.

Paragraph 1, *agreed to.*

Paragraph 2, amended, and *agreed to.*

Paragraphs 3—14, *agreed to.*

Paragraph 15, amended, and *agreed to.*

Paragraphs 16—22, *agreed to.*

Paragraph 23, amended, and *agreed to.*

Paragraphs 24—32, *agreed to.*

Paragraphs 33—35, amended, and *agreed to.*

Paragraph 36.—Amendment proposed, at the end of the paragraph, after the word "given," to add the words "and they think it unfortunate that such an arrangement should have been submitted to and received the sanction of the Treasury"—(Mr. *Bartley*).—Question put, That those words be there added.—Amendment proposed to the proposed Amendment, to leave

leave out from the word "think" to the end, and insert the words "that such an arrangement should not have been submitted to, or approved by the Treasury"—(Mr. *Morton*).—Question put, That the words proposed to be left out stand part of the proposed Amendment.—The Committee divided:

Ayes, 7.	Noes, 2.
Mr. Bartley.	Mr. Alpheus Morton.
Mr. Buchanan.	Mr. Arthur O'Connor.
Mr. Hanbury.	
Sir Arthur Hayter.	
Sir John Hibbert.	
Mr. Thornton.	
Mr. Arthur Williams.	

Question, That the words "they think it unfortunate that such an arrangement should have been submitted to and received the sanction of the Treasury" be there added,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Paragraphs 37—40, *agreed to.*

Paragraphs 41 and 41*a*, amended, and *agreed to.*

Paragraphs 42—64, *agreed to.*

Paragraph 65, amended, and *agreed to.*

Paragraphs 66—74, *agreed to.*

Question, That this Report, as amended, be the Second Report of the Committee to the House,—put, and *agreed to.*

Ordered, To Report, together with the Proceedings of the Committee, and Minutes of Evidence.

MINUTES OF EVIDENCE.

LIST OF WITNESSES.

Wednesday, 13*th March* 1895.

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MINUTES OF EVIDENCE.

Wednesday, 13*th March* 1895.

MEMBERS PRESENT:

Mr. Bartley.
Mr. Buchanan.
Mr. Cameron Corbett.
Sir Arthur Hayter.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Arthur O'Connor.
Mr. Philip Stanhope.
Sir Richard Temple.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

ARMY APPROPRIATION ACCOUNT, 1893-94.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

Mr. RALPH HENRY KNOX, C.B., called in; and Examined.

Chairman.

58. (To Sir *C. L. Ryan.*) THE detailed test examination of Army expenditure referred to in paragraph No. 1 of your Report has been going on for many years, has it not?—Yes, it has.

59. I believe since 1876?—Yes.

Chairman—continued.

60. May we understand from that paragraph that the result of the examination is satisfactory?—Yes; wherever it is not so it would be noticed in the Report.

ACCOUNT, 1893-94.

Chairman.

61. (To Sir *C. L. Ryan.*) With regard to paragraph 2, I believe the "Army Sub-Accounts" is a phrase representing the Paymaster's Department, is it not?—Yes, amongst others; it means all the sub-accounts.

62. Does that not mean generally paymasters' accounts?—Usually it would mean the paymasters'. Perhaps Mr. Knox would be better able to answer that question.

Chairman—continued.

63. (To Mr. *Knox.*) In regard to the term "Army Sub-Accounts," does it relate to other accounts besides those of local paymasters?—I imagine it relates to those.

INDIAN HOME EFFECTIVE CHARGES.

Chairman.

64. (To Mr. *Knox.*) Would you kindly observe the last sentence of paragraph 3, where the Comptroller and Auditor General states that, so far as he is aware, no basis of settlement for future years has been arrived at in respect of the capitation grant in regard to the Indian Home Effective Charges; what is the state of the question now?—Some three or four years since this rate of 7*l.* 10*s.* was agreed to tentatively, and it has been accepted by the Government of India and the Home Government as the basis of settlement up to the present time, and it is the basis upon which the Estimates for next year are prepared. But this case, I understand, is one of those which is to be referred to the Royal Commission about to be appointed to consider Indian Home Charges generally.

Chairman—continued.

65. So that so far as the War Office is concerned the question will be hung up pending the deliberations of that Commission?—I may say this 7*l.* 10*s.* is regarded by both Departments as a satisfactory settlement; it has worked well for the four or five years it has been in operation, and both Departments seem fairly inclined to accept it.

Sir *Arthur Hayter.*

66. As I understand the note at bottom of page 19 the sum of 81,200*l.* is not due from India, but it is an over-estimate for deferred pay?—Yes; the 7*l.* 10*s.* does not include the deferred pay; that is to say the deferred pay is an account which is settled independently of the charges covered by the 7*l.* 10*s.* This saving arose from the fact

ARMY APPROPRIATION ACCOUNT.

Indian Home Effective Charges—*continued.*

Sir *Arthur Hayter*—continued.

fact that the charge that was estimated as coming against India for that year was in excess of what it turned out to be. The charge on one side was reduced, and the claim against the Indian Government was reduced similarly.

67. The Indian Government will not pay anything more than the 723,800*l*?—No.

68. Would you tell us what the 7*l.* 10*s.* does include?—It includes the cost of all the depôt charges, the staff of the depôts, the charges for the men who are trained and embarked for India, educational charges, the pay of certain men on the passage to India, and the cost of the discharge depôt, Netley Hospital, and so on.

69. I thought that men on passage and troopship charges were all paid by the Indian Government?—The pay of the drafts on passage is paid by us, and it is met by the 7*l.* 10*s.* If a regiment goes out *en bloc* the Indian Government takes it up from the day it embarks; but the advances to drafts are paid by us, and covered by the 7*l.* 10*s.* charge.

Mr. *Mowbray.*

70. What do you mean by men who are in training for the Indian Army; are those the men in training for regiments quartered out in India?—Yes.

Mr. *Buchanan.*

71. Pending the appointment of the Commission you have referred to, may we assume that for the present year and future years the rate of 7*l.* 10*s.* will go on?—That is the understanding with the Indian Government. We are settling for the current year on the basis of 7*l.* 10*s*, and we have arranged that our estimates for next year shall be based on the same amount; and they are so based.

72. Are the Indian authorities fairly satisfied with the charge of 7*l.* 10*s.*?—It is a point that has always been in dispute between us, but we seem to get on very amicably on the 7*l.* 10*s.* settlement.

73. Was that figure arrived at by a process of splitting the difference?—No; it was found by a Committee, over which Lord Northbrook presided, in settling the claims in detail for the year ending 1890, that for the last three or four years the charge had been practically constant, that it varied very little or would vary some few thousand pounds of course; and this charge, therefore, was suggested as one that might be converted into a capitation charge, dividing it by the number of men on the establishment in India. The Indian Government practically suggested that, and we went into it and came to the conclusion that 7*l.* 10*s.*, multiplied by the number of men on the establishment in India, would give annually very much the amount that had been claimed for the last three or four years.

74. Do I understand that that is the charge suggested by you, the Home authority?—The

ARMY APPROPRIATION ACCOUNT.

Indian Home Effective Charges—*continued.*

Mr. *Buchanan*—continued.

claim was made originally on the basis of calculations made by us. Then the Indian Government went into the matter, and representatives of the India Office discussed the question before the Committee, subject to the judgment of Lord Northbrook; Sir Thomas Seccombe and I used to fight out the various little questions which were raised, and Lord Northbrook decided them; and ultimately this was the amount that was payable.

Mr. *Alpheus Morton.*

75. Is the Royal Commission you referred to just now the one promised in the debate on the Indian Budget last August?—Yes.

Mr. *Arthur O'Connor.*

76. The capitation allowance is at the rate of 7*l.* 10*s.*, calculated on the establishment for India, is it not?—On the establishment of the Indian Army.

77. But, as appears on page 144, the Indian establishment is exceeded sometimes to the extent of 4,000 or 5,000 men; does not that excess introduce an element of uncertainty in the calculation?—No.

78. Would an indefinite excess, or a very large excess, say 20,000 men, not cause you to reconsider that figure of 7*l.* 10*s.*?—If there was to be an increase of the establishment to be maintained, towards which special efforts would have to be made for maintenance on, we should certainly of course increase the amount payable by creating a larger multiple to multiply this 7*l.* 10*s.* by.

79. But your theoretical factor is 72,858?—Yes.

80. And in fact you have sometimes over 77,000 troops on the establishment, as appears on page 144?—Of course the numbers fluctuate. At times, especially when reliefs are going on, men may be landed in India before the men whom they relieve are withdrawn.

81. But there has been no month in the year 1893-94 in which there was not an excess of effectives over establishment?—That may be, but it does not affect the charge we make against India.

82. No, it does not affect the charge against India; that is to say, you cannot charge any more at present?—No.

83. But supposing, as I suggested just now, there was a very large excess of 10,000 men or 20,000 men over the establishment, would you not then have to reconsider your figure of 7*l.* 10*s.*?—If it was an establishment towards the maintenance of which we should make special efforts, the charge certainly would be increased.

84. Then it has some relation to the number of men sent out?—It has some relation to the number of men sent out; but the number of men sent out are calculated to replace those that come home, whether by invaliding or in consequence of the completion of their service; and that is the object towards which we are working, to maintain and keep up that establishment. Of course it will

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Army Appropriation Account.

Indian Home Effective Charges—*continued.*

Mr. *Arthur O'Connor*—continued.

will vary in one way or another with circumstances.

85. What is the principle of calculation by which you arrive at 7*l.* 10*s.*?—I explained that to the Committee, I think, before the honourable Member came into the room.

86. It has no relation to the effective strength?—Of course it is in a way connected with the effective strength; but the 7*l.* 10*s.* represents the amount it has cost us on the average for several years, divided by the number on the Indian establishment.

87. What I want to bring out is: is not India interested, so far as this item goes, in keeping the number of effectives greater than its establishment?—No doubt, so far as India is interested in having a large force there, that would be so; but India would be affected also by having to pay that additional force, which I do not know it has any especial desire to do.

88. Having as high an effective as it can, it is also to the interest of India to have as low an establishment as it can, upon which to pay the capitation grant?—Certainly.

Explanations of Surpluses and Deficits.

Chairman.

89. (To Mr. *Knox.*) May I ask your attention to the concluding sentence of paragraph 7: "It is necessary to add that the information at my disposal does not enable me to verify the whole of the explanations offered in the account;" have you anything to say upon that?—No; I did not know that there was any information which was not available to the Comptroller and Auditor General.

90. (To Sir *C. L. Ryan.*) Would you mind explaining to us exactly what is meant by that sentence?—It really is rather in the shape of a *caveat*, in order that it may not be supposed that I can absolutely guarantee the accuracy of all the explanations offered. The duty has been now given to me by the Report of the Public Accounts Committee of last year of referring back to the Department any explanation that seems to me to be inadequate, or which might be properly or usefully supplemented; but when the Department has complied with that request (which it has done in this case), I cannot guarantee that the explanation is an absolutely accurate one; because that would involve a knowledge of administration and other things which I cannot have. That sentence, therefore, is more in the nature of a *caveat* than of objection.

91. Then may I take it that you receive administrative information which, if correct, would satisfy the audit requirements?—Yes.

92. Only you cannot say whether it is correct or not?—I cannot guarantee it.

93. What you do certify is that, if correct, it is sufficient as an explanation?—Yes.

Army Appropriation Account.

Explanations of Surpluses and Deficits—*continued.*

Mr. *Buchanan.*

94. This paragraph is in consequence, is it not, of what was stated last year in the Public Accounts Committee; we complain of the words "casual difference" as being an inadequate explanation of an excess; and this, I take it, is in consequence of that?—That is so. It seemed to me last year that information might be more fully given, and that very often a statement of fact was given instead of an explanation. I ventured to bring that before the Committee, and it was suggested on the part of the War Office that, if further information were thought necessary, it would be better to ask for it at an earlier stage, rather than to raise the objection before the Committee. That course was pursued last year, and the result is that in almost every case the War Office have given further explanations, explanations which, upon the face of them, seem to be satisfactory.

95. They have given further explanations in all cases where you thought them inadequate?—Those cases were cases where I did not think the original explanation as submitted was quite full enough.

96. So far as your observation has gone, the War Office have endeavoured to meet your Department in any cases you have pointed out?—No doubt. There have been some few cases in which we have hardly thought the thing was quite sufficiently explained; but I had not quite sufficient data to go upon to ask for more explanation, and I only desire to point out that I do not guarantee the information.

97. (To Mr. *Knox.*) Of course, upon any request for further information the War Office would do their best to give it?—Certainly; we have done our best in that direction.

Mr. *Alpheus Morton.*

98. (To Sir *C. L. Ryan.*) You said that sufficient explanation had been given in almost every case; are there some cases in which they did not offer an explanation?—No. There are some cases where there was some little doubt whether the explanation was full enough; but they were not of sufficient importance to justify me in raising the question in my Report.

99. As I read it, the information is not quite complete; is there any way of making the information given to you more complete?—I do not know that there is. I raise no objection.

Mr. *Arthur O'Connor.*

100. I suppose what you mean is, that an explanation to be fully satisfactory to you would be such an explanation as to enable you to check the expenditure and the variation?—Yes; but I may not always be able to check the expenditure, and I may not be able to verify the facts; and it might be going outside my duty to try and do so. At the same time, I do not wish to guarantee to Parliament that everything that is given as an

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

ARMY APPROPRIATION ACCOUNT.

Explanations of Surpluses and Deficits—*continued.*

Mr. *Arthur O'Connor*—continued.

explanation has the *imprimatur* of the Exchequer and Audit Department that it is correct. I cannot go so far as that.

Mr. *Alpheus Morton.*

101. You do not think that there is any further way of making it more complete?—No, I think not.

On VOTE 1.

APPROPRIATION IN AID.

CONTRIBUTIONS FROM COLONIES FOR BRITISH TROOPS.

Chairman.

102. (To Mr. *Knox.*) Will you please observe the last two sentences of paragraph 8, regarding the contribution from Mauritius. It appears that the Treasury claim 30,000*l.*, and the colony is only willing to pay 15,000*l.*, and it appears, further, that the War Office treat the payment made by Mauritius for the year in question as being really "payments on account;" can you explain how it is that Mauritius does not settle the matter?—It is due to the disinclination of the colony to pay any more than the 15,000*l.*

103. Have they given any reasons for not doing so?—They have pleaded, I think, *in formâ pauperis.* However, correspondence is now going on between the War Office and the Colonial Office, and Mauritius and the Treasury, and the Home Government is doing its best to increase the contribution of the Mauritian Government; but they on their part are resisting it as stoutly as they possibly can. That is the position of affairs.

104. Do they resist mainly on the ground of *non possumus*?—I think there is both an unwillingness and an inability to pay more than 15,000*l.*

105. Am I to understand you cannot say more until this correspondence is concluded?—It does not depend upon correspondence; it depends upon the constitution of the colony. The Mauritian Government will not give more than 15,000*l.*, and they have the power to refuse to contribute more.

106. I understand you to say that correspondence is still going on?—Yes, there is a correspondence going on.

107. That is not concluded?—It is not concluded.

108. Until it is concluded you cannot give any final *dictum*; is not that so?—Yes, it may be taken in that sense, certainly.

109. But you apprehend the colony will persist in refusing?—They do persist in refusing.

110. (To Mr. *Ryder.*) Have you any remark to make upon this case?—The elective members are in the majority on the Council, and therefore we have no power to compel the colony to pay more than they happen to think right; we have to persuade them. The colony has been

ARMY APPROPRIATION ACCOUNT.

Vote 1.—Contributions from Colonies for British Troops—*continued.*

Chairman—continued.

going through a very severe trial owing to the recent hurricane, and it is exceedingly unwilling to add to its taxation; but we hope by degrees to get a better contribution from them.

111. Are the Treasury clear as to the constitution or the legal position of the colony and the Home Government in the matter?—Yes; I think there can be no doubt that we have no power of compulsion.

Sir *Arthur Hayter.*

112. (To Mr. *Knox.*) Has Hong Kong paid, besides the arrears, its yearly contribution?—Yes.

Mr. *Mowbray.*

113. Who settles the amount; is it the Treasury or the War Office?—The Committee of the Treasury, the Colonial Office, and the War Office.

114. It does not come before Parliament in any way?—No, not as to the settling of the amount.

Mr. *Buchanan.*

115. Is there any consultation with the authorities in Mauritius or the other colonies before the sum is fixed for them?—No, I think not.

116. (To Mr. *Ryder.*) Do you know whether the colony is consulted first?—No; I think the Home Government makes up its mind as to what ought to be paid, and then that sum is communicated to the colony, and then the colony remonstrates.

117. How has the 30,000*l.* been fixed for Mauritius?—It was fixed at 30,000*l.* for this particular year of account; for the preceding year we accepted less, and for one year (I think Mr. Knox will confirm me) we waived all our claims. (Mr. *Knox.*) Yes, that was in the hurricane year.

118. (To Mr. *Ryder.*) So far as I recollect since I have been a Member of this Committee, we have had this question up almost every year, and we have been informed that Mauritius has been unable to pay the contribution which was demanded?—Yes.

119. Would not that be a good reason for reconsidering the amount demanded from the colony?—We have lowered our demand very much in consideration of the circumstances of the colony, but we hope they will be a little more generous in time. The Committee which was mentioned by Mr. Knox is sitting now and considering the contribution from all four colonies that are now paying, and we hope to arrive at a settlement that will be satisfactory to them all, involving concessions on one side which we hope will be met by rather more liberality on the other.

Mr. *Philip Stanhope.*

120. You say that you have rather lowered your demands with respect to the colonies?—Yes, we certainly have.

121. Was

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr Knox, C.B. [*Continued.*

Army Appropriation Account.

Vote 1.—Contributions from Colonies for British Troops—*continued.*

Mr. *Philip Stanhope*—continued.

121. Was this sum of 30,000*l.* the original sum that was allocated to Mauritius?—No; I think under the original recommendation of the Committee as much as 45,000*l.* would be claimed from the colony for the particular year in question.

122. So that this 30,000*l.* is already a sum reduced to meet the demands of the colony?—Yes.

123. Has there been any change in the military services rendered to Mauritius of late years?—I do not think they have diminished at all. I think, if anything, they have increased of late years. (Mr. *Knox.*) Just recently they have increased, I think; but until the Committee was appointed, of which Mr. Ryder is a member, the payment made by Mauritius was certainly less than is asked from them now. (Mr. *Ryder.*) One bone of contention was as to the currency in which the military contribution was to be paid. I am afraid we have not settled that even now. The colony wished to settle the amount in rupees, and we asked them to fix the sum in sterling because the expenditure was in sterling.

124. You wished it to be independent of the rate of exchange?—Yes.

Mr. *Alpheus Morton.*

125. Are you aware this is a matter that is likely to be brought before the House of Commons?—I know that many Members of Parliament take a keen interest in this question.

126. Has not the colony appealed to Members of Parliament in this matter with a view of having this revised?—Yes, I believe that is so.

127. Is not the claim of the colony that the charge is an unfair one?—Certainly Mauritius maintains that the claim is unfair in view of their particular circumstances. I do not think for a moment they say it was unfair in view of the military expenditure in the colony.

128. With regard to Hong Kong, does the 30,000*l.* refer to Hong Kong?—No; the 30,000*l.* refers to Mauritius. Hong Kong pays 40,000*l.*

129. But they are both complaining, are they not?—I am afraid all the colonies that pay are complaining.

130. Did I understand you just now to say that the elected members of the Council objected to pay more than 15,000*l.*?—Yes.

131. Then it comes to this, does it not, that the colonists are resenting the action of the Home Government?—That is quite true; they dislike paying their quota.

132. In fact, I suppose, they want Home Rule out there?—I daresay they would like it.

133. Is this matter now being reconsidered by the Treasury?—Yes, by a Committee of the three Departments; they are considering the contributions from all four colonies mentioned in the paragraph.

Army Appropriation Account.

Vote 1.—Contributions from Colonies for British Troops—*continued.*

Mr. *Alpheus Morton*—continued.

134. Before long we are likely to get the Report of this Committee, I suppose?—The Reports have never been presented to Parliament, but the Report will be presented to the Government.

135. We can ask the Government for it, I suppose?—Certainly the gist of the Report, if adopted by the Government, will be communicated to this Committee.

Mr. *Arthur O'Connor.*

136. I believe the elected members are in this question on one side, and the official members on the other?—That is so.

137. You do not suggest, I presume, that the elected members are not acting in the interests of Mauritius?—I am quite sure they are acting in what they fully believe to be the best interests of the colony.

138. But the official members vote all right, I suppose?—The official members are, I believe, bound to vote in accordance with the wishes of the Home Government.

139. They are expected to vote in accordance with the wishes of the Home Government?—I think they are expected to vote in that way.

140. And they do?—They do, I think.

Issue of Extra Duty Pay for Seven Days a Week.

Chairman.

141. (To Mr. *Knox.*) I understand, from paragraph 11, that certain soldiers drawing their ordinary pay have been employed on a sort of special duty, under the regulation which says that they shall be paid so much "for each day upon which the duties have actually been performed," and that, notwithstanding that, they have been paid upon Sundays when they did not do any work. It appears this is inconsistent with the regulation, which says that payment is to be for each day of work done. What is the answer of the War Office to the Comptroller and Auditor General upon that point?—The answer was, that the regulations were certainly not very clear upon the subject, and there was a misunderstanding in regard to them. We have since been in correspondence with the Treasury on the matter, and we think, at all events, that we have come to a settlement which will put an end to such misunderstanding either on the part of the officers allowing such payments to be made or on the part of the Comptroller and Auditor General, who finds himself in a somewhat difficult position in interpreting the regulations. We have now the authority of the Treasury to make some alterations in the regulations which make them clearer.

142. Is the regulation not already clear when it says "for each day upon which the duties

ARMY APPROPRIATION ACCOUNT.

Vote 1.—Issue of Extra Duty Pay for Seven Days a Week—*continued.*

Chairman—continued.

have actually been performed;" is not that clear?—It does seem clear; but there were certain appointments to which this regulation was applied which did not seem to be consistent with the other portion of the regulations; and orders have been given by the officers that these men should receive their pay regularly as if they were holding an appointment. We think they were right, as really following the intention of the regulations, and that the regulation was wrong. The regulation, as I say, has been altered.

143. But so long as the regulation held good, there can be no doubt of the Comptroller and Auditor General's interpretation of that clear language?—I think the objection of the Comptroller and Auditor General was very reasonable, and we set to work, in consequence, to set the matter right.

144. It can only be set right by altering the regulation?—Quite so; and that is being done.

145. I understand you to say that upon consideration the regulation was thought to be wrong and was modified?—Yes.

146. But that, so long as the old regulation existed, there was no doubt of the accuracy of the Comptroller and Auditor General's objection; is that so?—Quite so.

Mr. *Buchanan.*

147. The Treasury, I see, ask to be consulted with regard to any alteration of the article; has that been done?—Yes; it is with the consent of the Treasury that the regulations are altered; they cannot be altered without the consent of the Treasury.

148. Have they given their approval to the alteration? They have.

Mr. *Arthur O'Connor.*

149. I notice the Comptroller and Auditor General says that a promise was given that the warrant should be amended; I suppose there is no very great difficulty in getting the warrant amended, is there?—No; it is being done.

150. Is it very often done?—Very often; constantly.

151. Sometimes, when an application is made which appears to be very equitable and fair, the unfortunate officer is met by the statement that the warrant only admits so and so; it is treated as though it were a law of the Medes and Persians?—That is so, when it is thought that the contention of the officer is one which cannot be conceded, and where it is not regarded as advisable that the regulation should be altered.

Chairman.

152. (To Mr. *Ryder.*) Are you able to confirm the evidence that Mr. Knox has given?—I do confirm what Mr. Knox has said with regard to the Treasury having agreed to certain amendments of the Pay Warrant. The effect of this

ARMY APPROPRIATION ACCOUNT.

Vote 1.—Issue of Extra Duty Pay for Seven Days a Week—*continued.*

Chairman—continued.

amendment has been to sanction certain exceptions to the general rule as regards the payment being confined to the day on which the duty was performed. There are various appointments, the appointment of instructors, for example, which require special qualifications, and for which it was held that the pay should be given for every day of the week.

153. (To Sir *C. L. Ryan.*) Have you any remarks to make to the Committee, after hearing what has been said by Mr. Knox and Mr. Ryder?—I think it has been admitted that the objection was a right one to take in the first instance. If the warrant is altered so as to cover this payment in future, of course, the objection will cease.

154. (To Mr. *Ryder.*) I understand the Treasury admits that unless the regulation is altered the objection of the Comptroller and Auditor General would hold?—Quite so. The Treasury supported that contention.

Mr. *Alpheus Morton.*

155. I understand the warrant is altered now?—It has been altered in the way I mentioned, viz., that certain exceptions to the ordinary rule have been sanctioned.

156. (To Sir *C. L. Ryan.*) You think, then, you will not in future find it necessary to raise this objection?—I have not seen the new warrant, but I suppose the alteration will be such as that no similar difficulty will arise.

157. You will see that warrant with the next year's account, I suppose?—Yes.

158. I want to ask a question or two with regard to Sub-Head C., Regimental Pay, as to the 80,533*l.* expended "less than granted." The explanation on page 15 says that it was "mainly due to an over-estimate of the amount of deferred pay;" have you any information as to how they came to over-estimate the deferred pay?—The deferred pay is an extremely difficult thing to estimate. It depends entirely upon the men who may happen to be leaving the service during the year; it is the amount due to a man on his departure from the colours, and we cannot know beforehand with any accuracy what particular men will be leaving, and what amount will be due to them. Deferred pay is 3*l.* for every year of service the man has given, and we make the best estimate we can, calculated upon the number of men who are coming home and the average amount of service given by each of these men, and also the amount of service that has been given in India and under the Home Government (because the charge varies with that also); but the expenditure has been very different from year to year, and it is extremely difficult to estimate it. We think we have got it now to a condition in which we can fairly rely upon the figures; but the distribution between us and the Indian Government cannot be calculated with

Army Appropriation Account.

Vote 1.—Issue of Extra Duty Pay for Seven Days a Week—*continued.*

Mr. *Alpheus Morton*—continued.

the same amount of certainty, and that is the principal disturbing element.

159. Is it generally over-estimated?—It has been under-estimated.

160. Does saving this large surplus enable you to spend the money on something else?—No, because we have to surrender it to India. There is an adjustment on both sides of the account. We estimate that a certain amount will be spent on behalf of India, and we shall claim that amount from India to be appropriated as a receipt. But the charge did not reach the estimate, and therefore the claim against India was correspondingly decreased.

161. Consequently, you have not got this 80,000*l.* odd to spend on other items?—No, we have to surrender it to India.

162. On Item E. (Regimental Allowances) there is an expenditure larger than the grant, and it is said it was mainly "due to the presence of additional troops in Egypt;" did we get that money refunded from Egypt?—Egypt pays a contribution towards the expense; but it is a fixed sum, and it may not be in exact accordance with what the charge has been. Egypt is paying us a contribution of 87,000*l.* as a fixed charge.

On Vote 7.

Provisions, Forage, and other Supplies.

Employment of Troops in Aid of the Civil Power.

Chairman.

163. (To Mr. *Knox.*) From paragraph 12 of the Report of the Comptroller and Auditor General, I understand that for troops employed in disturbed districts a larger allowance was payable up to a certain time, and a lesser allowance subsequently to that time. Now it appears that the larger allowance continued to be paid after the term for which it was sanctioned had expired, and this was done by the local military officer under a promise from the War Office, as it appears. If that is so, may I ask you kindly to be good enough to explain to us why the promise was made, and what steps the War Office intends to take in regard to future contingencies of this kind?—There was no promise made by the War Office itself, but the promise was made under mistake by a member of the staff of the district within which these troops were moved. The officer in charge was under the impression that this higher rate of 1*s.* 9*d.* would continue to be issued to the innkeeper who was supplying the food to the soldiers billeted upon him, or by the local authorities who undertook the provisioning and housing of the troops that were sent to assist them. It was when these charges were made in the accounts

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Chairman—continued.

that they were objected to by the War Office, and found to be made in error. The necessary explanations were called for, and a report received. It was thought under the circumstances that it was quite impossible to refuse to pay the local authorities this 1*s.* 9*d.* a day which had been promised; but as the War Office had not the power to make the payment, we appealed to the Treasury under the circumstances to sanction this payment, and the Treasury have sanctioned it. In consequence of the attention that has been drawn to it, it is hoped that a similar mistake will not be made again under similar circumstances.

164. The reason I used the expression "promised by the War Office" was, because I find that the Comptroller and Auditor General in his Report speaks of "the undertaking given on behalf of the War Office"?—Yes; what the Comptroller and Auditor General means is the undertaking by the staff officer of the district.

165. Did the staff officer on the spot give the promise on behalf of the War Office?—He gave the promise.

166. He was the agent of the War Office?—Yes.

167. For the future are there to be these two rates?—Yes; there is no intention on the part of the War Office to alter the regulation.

168. That is to say, the higher rates only prevail for a certain time?—For three days. The payment for the hot meals is allowable for three days, and then after that it is supposed the troops are provided in the ordinary way by being rationed. If they are billeted the innkeeper only receives 4*d.* a day, and he cooks the food which is brought to him by the soldier for his maintenance.

169. Then the difficulty will be obviated for the future?—I cannot promise that no mistakes will be made in future.

170. But the officers for the future will have clear instructions?—Certainly.

Sir *Arthur Hayter.*

171. Has a change been made in the Army Act, which will allow the War Office to throw upon the local authorities the expense after the three days?—No; the Army Act does not deal with the question of throwing anything upon the local authorities. The War Office does not throw upon the local authorities any expense which is covered by the regulations; it is only anything that is incurred really at the option of the local authorities in excess of the regulations which the local authorities would be looked to to provide.

172. Supposing it was put in the Army Act that a local innkeeper could not claim more than 10*d.* a day after the third day?—The innkeeper is called upon to provide a hot meal, as it is called, and house, and everything for the soldier

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for the three days. Our power to claim that from him at the price of 1*s.* 9*d.* per day is limited to the period of three days, but after that time he is only obliged to house the soldier, and to give him his condiments for his food for 4*d.* a day, the soldier himself providing his food.

173. What does this figure of 10*d.* represent?—The 10*d.* is practically the 4*d.* I have referred to, and the soldier would get 6*d.* as an allowance in lieu of his ration, which together make up the 10*d.*

174. Fourpence being paid to the innkeeper, and 6*d.* to the soldier?—Yes, to the soldier to find him in rations.

175. Then you do not think any change in the Army Act is required?—No; the Army Act does not impose anything upon the local authorities.

Mr. *Mowbray.*

176. Do I understand that this figure of 10*d.* is in the schedule?—No; the 4*d.* is in the schedule.

177. Then under what authority is the rate of payment changed after three days?—It is supposed to be more or less a tax upon the innkeeper to compel him to provide the soldier completely in food and housing, with a hot meal, as it is called, for 1*s.* 9*d.* We do not compel him to do that for more than three days. After that he only provides a house and condiments at the rate of 4*d.* a day, the soldier himself providing all his food.

178. Is there any statutory authority for that charge of 4*d.*?—Yes, that is in the Army Act.

Mr. *Buchanan.*

179. Is the limit of three days in the schedule of the Army Act?—It is.

Mr. *Philip Stanhope.*

180. (To Sir *C. L. Ryan.*) You have heard what Mr. Knox has said as to its not being necessary to modify the Army Act in regard to calling upon the local authorities to pay this extra charge. I should like to ask whether you were acquainted with Mr. Knox's views upon the subject when you wrote your Report, because I see you recommend that a change should be made?—I had not had the opinion of the War Office before me at the time; but what the honourable Member refers to was not my suggestion, but the suggestion of the Treasury. You will see that the paragraph in my Report says: "Their Lordships" (that is the Lords of the Treasury) "have expressed the opinion that this defect ought to be remedied by providing in the next Army Act, or at some other opportunity, for the imposition of the excess billeting charge in future cases upon the funds of the local authorities in whose aid the troops are employed." That was a statement by the Treasury.

181. (To Mr. *Ryder.*) May I ask, do the Treasury still hold the view that there ought to be

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Mr. *Philip Stanhope*—continued.

this change made in the Army Act?—The Treasury thought that it was a suggestion well worth consideration by the War Department. They were bound, taking the financial aspect of the case, to make the suggestion; but I think the Treasury would quite agree that there are two sides to the case. The question of policy comes in, and I could quite fancy that Her Majesty's Government might think it was unwise to impose any such charge upon the local authorities because Parliament might dislike it, and it would be no use trying to legislate in that sense.

182. Then you would say that it is not absolutely the case that the Secretary of State for War and the Treasury are in agreement on this subject?—I do not think they are. The Treasury made that suggestion, and I do not think that they have had any official reply to it. The only reply, so far as I know, has been that given by Mr. Knox in his evidence to-day.

183. (To Sir *C. L. Ryan.*) May we take it that this statement of yours was made under a misapprehension of the exact state of the relations between the two Departments on this point?—I was not aware of the War Office view at the time this paragraph of my Report was written, because it did not appear in the correspondence I had before me. (Mr. *Ryder.*) May I point out that I think the Comptroller and Auditor General speaks of the War Office and the Treasury agreeing as to the statute law not making any provision for a certain defect; I do not think he says that the two Departments agreed that the defect ought to be altered.

184. No; but he says that "Their Lordships have expressed the opinion that this defect ought to be remedied" by altering the Army Act?—They consider that the local authorities have led the War Department into incurring a greater expense than they naturally would have incurred, and therefore the Treasury suggested that it might be right that the local authorities should pay the excess cost.

185. At present, I understand, the Treasury does not insist upon that opinion; it is a matter of negotiation?—No; they only said that it was a matter for consideration.

Mr. *Alpheus Morton.*

186. (To Mr. *Knox.*) Do I understand that the annual Army Act prescribes the rate of pay at 1*s.* 9*d.* a day, and does not fix any time for it, and that the War Office themselves have made a law whereby they have reduced that rate to 10*d.*?—No; the Army Act states that these higher rates shall be given for three days, and for three days only.

Mr. *Arthur O'Connor.*

187. Where is that stated?—In the Second Schedule of the Army Act of 1881. It provides that the keeper of a victualling house on whom any

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any soldier is billeted, "shall, if required by the soldier, furnish him for every day of the march, and for not more than two days if the soldier is halted at an intermediate place on the march, for more than two days, and on the day of arrival at the place of final destination, with one hot meal on each day."

Mr. *Alpheus Morton.*

188. Then what is the meaning of these words in the 3rd section of this paragraph of the Comptroller and Auditor General's Report: "The Act prescribes no limit to the time during which billeting may be paid for at this rate"?—I cannot say.

189. (To Sir *C. L. Ryan.*) Would you say on what you based that statement?—The schedule has got no limitation of time.

190. (To Mr. *Knox.*) This schedule, I suppose, is the law of the land?—Yes.

191. Then, may I take it that it is a fact that there is no limit of time?—No, it is not a fact; I say there is a limit of time.

192. Will you show me where the limit is in this Annual Army Act which I hold in my hand?—That Act fixes the rates that are to be paid for the year only; and under Clause 106 of the Army Act it is provided that, "There shall be paid to the keeper of a victualling house for the accommodation furnished by him in pursuance of this Act the prices for the time being authorised in this behalf by Parliament;" that is to say, this 1*s.* 9*d.* and the 4*d.* that I have spoken of; but the periods are limited by the billeting sections of the Army Act.

193. That is the main Act that you have got before you, I presume?—Yes.

194. That is only referred to in this Annual Act?—Yes; that fixes the rates payable for the year, but this substantive Act which is put in force by that Annual Act lays down the limits.

195. Does not this subsequent Act override that?—No; it simply fixes the rates.

196. Are you not aware that victuallers may complain even of the 1*s.* 9*d.* a day?—Certainly they may.

197. Then if it is a hardship to make them take the men at 1*s.* 9*d.* a day, is it not a greater hardship to put them at 10*d.* a day?—I did not admit that it was a hardship. I said that they might complain; but people often complain, though there is no hardship.

198. Then I will put it in this way: Are they not more likely to complain if they are put down to 10*d.* a day?—It must be remembered that they are not called upon to supply for the 10*d.* what they supply for the 1*s.* 9*d.* For the 1*s.* 9*d.* they are called upon to supply "one hot meal on each day, the meal to consist of such quantities of diet and small beer as may be from time to time fixed by Her Majesty's Regulations, not exceeding 1¼ lbs. of meat previous to being dressed, 1 lb. of bread, 1 lb. of potatoes or

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other vegetables, and two pints of small beer, and vinegar, salt and pepper, and with a breakfast consisting of ½ lb. of bread and a cup of tea." All that is to be supplied for the 1*s.* 9*d.*; but for the 4*d.* the victualler simply supplies bed, and pepper and salt.

199. And what about the 6*d.*?—The 6*d.* is what the soldier, if he is not supplied in kind, has out of which to supply himself in lieu of rations.

200. Is that all that the soldier has?—Yes, for his rations; he has of course the balance of his pay to provide anything more that he wants.

201. Is 6*d.* a day enough for the soldier for that purpose?—It is enough to supply an ordinary ration of ¾ lb. of meat and 1 lb. of bread.

202. Can a man get ¾ lb. of meat and 1 lb. of bread for 6*d.*?—Yes.

203. I suppose, as a matter of fact, this Annual Army Act wants making more clear, does it not?—No; the Annual Act follows upon this main Army Act, and it simply lays down the rates at which the innkeeper is to be paid under Sub-section 3 of Section 106 of the Army Act, which says: "There shall be paid to the keeper of a victualling house for the accommodation furnished by him in pursuance of this Act the prices for the time being authorised in this behalf by Parliament."

204. Ought not that provision to be included in this Annual Act, so that Members of Parliament and other humble individuals may know what the law is?—It is enacted once for all in the Army Act.

Mr. *Arthur O'Connor.*

205. The paragraph which you have read about the payment to the innkeeper is repeated, is it not, in every Act from 1881 to the present time; it is Section 3 in the Act of 1893: "There shall be paid to the keeper of a victualling house for the accommodation provided by him, in pursuance of the Army Act, the prices specified in the schedule of this Act," which is a slight variation on the words of the Act of 1881; but in 1881 the publican did not get the same amount as he gets now; the price has been raised since then, has it not?—It has been increased.

206. The schedule of the Act of 1881, which you have been quoting, limits the allowance, according to your interpretation of it, which I accept for the moment, to two days?—No; it says, "for every day of the march and for not more than two days if the soldier is halted."

207. The words are, "for every day of the march and for not more than two days if the soldier is halted at an intermediate place on the march"; that is to say, two days?—It reckons also the day of the march on which he comes into the place.

208. It says "for every day of the march"; that may be 30 days?—Yes; but if he is moving,

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Mr. *Arthur O'Connor*—continued.

it is practically the last day of the march on which he is halted and two days after.

209. No; that is provided for elsewhere; it provides that the keeper of a victualling house shall furnish the soldier "for every day of the march"; that is the first thing?—Yes.

210. "And for not more than two days if the soldier is halted at an intermediate place on the march for more than two days"; that is two days?—The day on which he arrives at the halting place is regarded as a day of march, and counted as one day, and then there are two days of halt, which make up three days in all.

211. "Every day of the march" cannot be regarded as one day?—No; it means the day when he comes to the innkeeper.

212. The word "every" is distributive; it may go on for any number of days?—Yes, and for every day on the march when he stops at an inn he is charged for.

213. "And for not more than two days if the soldier is halted at an intermediate place on the march for more than two days"; that limits it to two days at an intermediate place?—With the day on which he arrives at the place; that is to say three days.

214. That is not "intermediate"?—That is the interpretation put upon it.

215. Possibly it may be a mistake of the War Office, and not a mistake of the officer after all?—But the charge is made here, not for two days or three days, but for 30 or 40 days.

216. Let me draw your attention to some other words in the Act; in Section 106, Sub-Section 4, it is provided that, "An officer or soldier demanding billets in pursuance of this Act shall, before he departs, and if he remains longer than four days, at least once in every four days, pay the just demands of every keeper of a victualling house on whom he has been billeted." That contemplates not only four days, but a possible repetition of a series of four days a-piece?—Yes, but not at the rate of 1*s.* 9*d.* a day; it is 1*s.* 9*d.* for three days, and 4*d.* for the days in excess of the three days.

217. I could understand your interpretation of the schedule if you limited it to two days, but I cannot understand where you get the three days from; and if you depart from the statute in one respect, I do not see why you should hark back to it in another?—The interpretation put upon it is that the day of arrival is the day of march referred to in the schedule, and then there are two days at the halting place.

218. With regard to that point, the schedule goes on "and on the day of arrival at the place of final destination;" so that that is a separate thing, you will observe. The schedule provides for three things: first of all it provides for every day of the march; then it provides for a delay at an intermediate place, not exceeding two days; then it provides for the day of arrival at the place of final destination, which may be a broken day, so as to give the man a hot meal on the last day of the march?—Yes; it is under that interpretation that we hold that three days may be paid to one innkeeper.

219. If a man is billeted on an innkeeper an indefinite number of days, how and where is it laid down that the innkeeper shall be paid only 10*d.*, which is a provision nowhere made, instead of 1*s.* 9*d.*?—The innkeeper is only called upon to supply this quantity of food which I have just read out from the section for the three days to which I have alluded. Subsequently to those three days he simply supplies the soldier with a bed and the condiments to his food.

220. Yes; but in 1881 an innkeeper got for bed and hot meal and condiments only 1*s.* 4*d.*; it was afterwards raised to 1*s.* 9*d.*, and the breakfast was detailed to be ½lb. of bread and a cup of tea, and the amount of the meat ration, I think, was raised; so that what was admitted to be an altogether insufficient charge, 1*s.* 4*d.*, and was raised to 1*s.* 9*d.*, is now cut down by the War Office, without any express words in the statute, to 10*d.* for every day after the third day?—If the innkeeper was called upon to supply all these provisions to the soldier, no doubt he would get a good deal more than 10*d.* a day after the three days; but he is not looked to to make that provision.

221. It is not a question of what he is looked to to do; it is a question of what he does. In this case there is no doubt that the innkeeper did provide all this?—Quite so, and he was paid for it.

222. But only against the will of the War Office?—No, it was not at all against the will of the War Office. When it was found that this mistake had occurred, and that the staff officer of the district had thought that the 1*s.* 9*d.* could be given for an indefinite period, the War Office saw the difficulty into which matters had drifted, and saw the justice, and in fact the necessity of giving the man something more, and they accordingly obtained the sanction of the Treasury to give him the 1*s.* 9*d.* continuously for the whole period.

223. The only point that I am concerned about is, how it comes to be considered that the officer has made a mistake. To anybody reading the statute it would seem that the officer was perfectly right, and that it is the War Office that has strained the wording of the statute?—There is no doubt about the interpretation of these regulations from the War Office point of view. I do not know whether things could be made clearer. There is no doubt that the officer did make a mistake, and he made it *bonâ fide*, and that is the reason why the mistake has been recognised.

224. It does not appear to me that he made any mistake at all?—He certainly did, according to the interpretation which the War Office put upon these regulations.

225. In

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Sir *Arthur Hnyter.*

225. In this case the soldier got the hot meal all the 30 days, did he not?—Yes.

Mr. *Arthur O'Connor.*

226. How do you get at this 10*d.*?—The 10*d.* consists of the 4*d.* paid to the innkeeper, and the regular allowance which the soldier gets in lieu of rations, which is 6*d.*

227. I thought that you said the innkeeper got 1*s.* 9*d.*?—That is for the first three days; but 4*d.* is the rate after the three days.

228. In this particular case I understood you to say that the innkeeper was allowed 1*s.* 9*d.* for the days over the three days as well as the three days?—Yes, because he made this full provision for the men all the time.

229. Then how do you arrive at the 10*d.*; because, I suppose, if the innkeeper got the 1*s.* 9*d.*, he did not get the 6*d.*?—Certainly not when the 1*s.* 9*d.* was paid.

230. Then the 10*d.* is gone; it was never paid in any shape?—Quite so.

231. Then is not the whole thing very imaginary and theoretical?—A charge was made for 1*s.* 9*d.* during the whole of the period when the man was housed, whether by the local authority or the innkeeper, and fed by the innkeeper. All that the regulations allow is 1*s.* 9*d.* for three days, and then 4*d.* payable to the innkeeper for bed and condiments, and this allowance of 6*d.* in lieu of rations.

232. You draw a distinction, apparently, between the regulations and the Schedule to the Act; is there any regulation in regard to this matter; has there ever been, since the amount of the allowance was raised, any fresh regulation?—I think not.

233. There is no regulation apart from the statute?—No, I think not. Perhaps Mr. Marzials can speak as to that.

234. (To Mr. *Marzials.*) May I take it there is no regulation that you know of with respect to the allowance to the innkeeper since the rates were raised?—No, and no regulation is required; because the rates are laid down in the Schedule to the Army Act, and in the Annual Act.

235. You say there is no regulation?—Not so far as I recollect; nor need there be, because it is laid down by the Act.

236. Then it is a mere question of the construction of the Act?—Yes.

Mr. *Buchanan.*

237. (To Sir *C. L. Ryan.*) There seems to be a difference of opinion between you and the authorities of the War Office; upon this point might I ask you what your opinion upon this question is; because in your Report you state that "The Act prescribes no limit to the time during which billeting may be paid for at this rate," but that "it has been the long-standing practice of the War Office"?—The words of the Report are that "The Secretary of State for War and

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Mr. *Buchanan*—continued.

the Treasury are, however, in agreement that the statute law makes no provision for the apportionment of such expenditure between army and local funds." I have not stated anything about the three days' limit.

238. I am referring to another section, namely, the third section of this paragraph, with regard to this limitation of the period of three days; you see in the eighth line it says, "although the Act prescribes no limit to the time during which billeting may be paid for at this rate, it has been the long-standing practice of the War Office"?—That was the reading which at the time we thought was right, and which we thought was supported by the Treasury. It is a legal question, and I am not prepared to say that the War Office view was not right. We had not it before us, and it did not fall to me to discuss the matter or ascertain what the right legal view was. I thought I was stating an agreed fact. The point was whether some arrangement should be made with regard for the future; and that statement was mainly based upon the Treasury letter itself, which I have before me here, and in which, after saying that, in deference to the recommendation of the Secretary of State, they sanction the changes set out here, they say, "My Lords hope that the Secretary of State will agree that the defect in the statute law, to which allusion has already been made, ought to be remedied by providing in the next Army Act, or at some other opportunity, for the imposition of the excess billeting charge in future cases upon the funds of the local authorities in whose aid the troops are employed." The question was the liability of the local authorities, and with this before me, and with nothing else in answer from the War Office, I thought I ought to notice it in my Report; but the legal question I have not gone into.

239. I thought there was a difference of opinion between you and the authorities of the War Office as to the limitation of the three days during which the pay of 1*s.* 9*d.* is to continue?—No, I did not question that.

Mr. *Alpheus Morton.*

240. Would it not be advisable that in future these other points should be incorporated in this Annual Act?—I think we are supposed to know the law. We have access to the original Act. If we have not collated the two Acts, and there has been a mistake, it is a mistake of ours which we must be responsible for. I do not think that we should wish to have any enlargement of the Annual Act for any purposes of ours.

241. (To Mr. *Knox.*) Can you tell me how the original Act is incorporated in this Annual Act?—This Act is a permanent Act, but only has force if the Annual Act is passed.

242. Where in the Annual Act does it state that?—In the preamble it says, "And whereas the Army Act will expire in the year one thousand eight hundred and ninety-three on the

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following days." . . . "Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled, and by the authority of the same, as follows: (1) This Act may be cited as the Army (Annual) Act 1893; (2) The Army Act shall be and remain in force during the periods hereinafter mentioned, and no longer, unless otherwise provided by Parliament."

243. Is that the Army Act that is referred to?—This is the Annual Army Act, which puts into operation the permanent Act.

244. That is the only reference?—That is the only reference.

245. It does not refer to it here as 44 & 45 Vict.?—No, I do not think it does quote it in that form; it says, "whereas the Army Act."

246. It does not say what Army Act?—No. There is only this one.

Mr. *Arthur O'Connor.*

247. With regard to the Army Act of 1881, in the Second Schedule, from which you were quoting just now, let me call your attention to the introductory words of it; it provides for "accommodation to be furnished by keeper of victualling house"?—Yes.

248. That is to say, the whole purpose of the Schedule is, not to fix the prices at all, or to limit the time during which the keeper of a victualling house is entitled to remuneration, but it is to limit the liability of the innkeeper; that is to say, he is not bound under the statute to give accommodation for more than two days at an intermediate point. But it does not say that if he does he is not to be paid for it?—Certainly not.

249. That view has been before the War Office, has it?—Certainly.

250. It is understood that that is the object of the Schedule?—Yes.

251. There is no limitation here of the payment to be made to the innkeeper who has had men billeted upon him and has supplied them?—In this case he has been called upon to supply the provisions set out in the Schedule, and has supplied it, and therefore he has been paid.

252. Yes; but I understand the War Office contention to be that, even if he has the men upon his premises and feeds them in this way all the time, he cannot claim the 1*s.* 9*d.* for more than three days?—He can claim, and we have admitted his claim, if he has been called upon to provide all this as specified in the Schedule; and as he did so in this case we thought he should be paid what he claimed, but we held that we had no power to pay this without going to the Treasury, because the regulations limited us to the payments I have mentioned.

253. Then may I take it that, not only with regard to this particular instance, but with regard to all instances, the War Office are prepared to admit the right of an innkeeper to be paid 1*s.* 9*d.* for as many days as he has soldiers billeted upon him and supplies them with these particular things mentioned in the Schedule?—That is what we have admitted.

254. Then in what consisted the mistake of the officer?—The mistake of the officer was in ordering the men to be supplied in this way in excess of the three days.

255. That is to say, making a demand beyond the accommodation which the innkeeper was bound by the statute to furnish?—Yes.

256. And that is all?—That is all.

257. What regulation is there informing the officer that he is not entitled to billet soldiers on an innkeeper for more than two days?—I do not know that there is any regulation beyond this Act.

258. How does the War Office account for this passage in the Act: "An officer demanding billets in pursuance of this Act shall, before he departs, and if he remains longer than four days, at least once in every four days, pay the just demands of every keeper of a victualling house on whom" the soldiers had been billeted?—That is, he is to settle up for what may be due; that is to say, the 1*s.* 9*d.* and the 4*d.*

259. Every four days?—Every four days.

260. There is no regulation that you can cite bearing upon the point?—No.

Mr. *Alpheus Morton.*

261. With regard to Item E., Rents, Rates, and Water Supply, I observe there is a deficit of 4,968*l.* 19*s.* 7*d.*, which is explained as being on account of redemption of rents, and by increased charges for rates abroad, especially at Gibraltar. In regard to the latter part of this deficit, increased charges for rates abroad, especially at Gibraltar, is it local rates that are referred to there?—Yes.

262. Are the Government buildings at Gibraltar assessed just the same as other property in the town?—I believe so, but I cannot say definitely.

263. Do you allow the committee, or whoever the local authority are, to assess Government buildings the same as other property?—I cannot say exactly whether the assessment is throughout at Gibraltar the same generally.

264. Can you say on what grounds the assessment is allowed?—I cannot. I have not looked into this question lately, but I could get you the information.

265. Would you obtain the information and let us have it the next time you are before the Committee?—Certainly.

266. There are two further deficits on Sub-Heads F. and G.; they are explained as being due to the increased force in Egypt. When you said just now that the contribution from Egypt for the Army was 87,000*l.*, did that cover everything, whether we increase or decrease the number

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Army Appropriation Account.

Vote 7.—Employment of Troops in Aid of the Civil Power—*continued.*

Mr. *Alpheus Morton*—continued.

ber of soldiers?—Yes, that is the agreement we have come to at present with Egypt, that we shall take 87,000*l.* to cover the excess expenditure. Of course it varies. In some items we may have an excess, and in others a saving; sometimes the prices are in our favour. But we have agreed to accept this as a fixed sum, instead of letting it vary with the different items.

267. If you send extra troops, as you did last year, you do not get more money, do you?—Yes, we got more money; we got something like 50,000*l.* last year.

268. Will this be any loss to the country; will it be recouped?—We calculate that we get a sum that is a fair set-off against the expenditure. It may be that in some years, and I think it was so last year, there is an excess charge from our point of view above the 87,000*l.*

269. So that the country is at a loss in connection with the Army there?—Yes, a small loss.

On Vote 8.

Clothing Establishments and Services.

Mr. *Alpheus Morton.*

270. (To Mr. *Knox.*) I see on Vote 8 there is an excess expenditure under Item G. of 26,568*l.*; is that an increased cost, or is it simply an increased stock taken on hand?—It is an increased stock provided.

271. Which you would recoup yourselves for in the following year?—It would of course go to increase our stock. That amount was spent in excess of what was contemplated, and it came in aid in the next year.

272. So that, although you have spent 26,000*l.* extra, it does not mean that it will cost that amount to the country?—No, certainly not.

273. But the next item, H., is an increased charge, is it not?—No, it is not.

274. It is said, in the explanation given, that it was under-estimated?—The quantity required was under-estimated.

275. It is an increased charge, is it not?—It is an increased charge beyond the original estimate.

276. I do not know, but I suppose you think you cannot estimate closer than that?—No, it is very difficult indeed to do so.

On Vote 9.

Warlike and other Stores, Supply and Repair.

Balance Sheet of the Inspection Department.

Chairman.

277. (To Mr. *Knox.*) In the last three sentences of paragraph 13 you will observe that the Comptroller and Auditor General states that "until the cost of 'certain establishments is ascertained and included in the general balance sheet of the Inspection Department the full value of the balance sheet will not be realised, nor the full cost of the service stated for the information of Parliament;" can you explain to us why the cost of this establishment is not ascertained and included in the balance sheet?—The balance sheet, as we call it, of the Inspection Department we have kept for one object only, and that is, to divide the cost of the inspection of stores delivered at Woolwich between the Army and the Navy; because the Navy now providing for their own stores in the Navy Estimates, and the inspection still being done by the Inspection Department at Woolwich, it is necessary to allocate the charge as against the Admiralty. That charge amounts to something like 60,000*l.* a year. It is in order to ascertain with fair accuracy, with better accuracy than would attach to a fixed amount, what has been spent by the two Departments that this account is set up, and only with that object; it is not intended to serve any other purpose, and there was no intention of keeping the balance sheet with any other object than to ascertain that statement of account as between the two Departments.

278. Do you realise the importance of what the Comptroller and Auditor General goes on, in this paragraph, to say to the effect, "that if the value of the stores inspected were given with the balance sheet it would serve the useful purpose of enabling a comparison to be made from year to year of the relation borne by such value to the cost of inspection"?—I do not attach any importance whatever to that.

279. (To Sir *C. L. Ryan.*) What have you to say with regard to the evidence Mr. Knox has given?—I am afraid I can only say that I do not agree with it. Mr. Knox says that he attaches no value or importance to a balance sheet that will show the real cost of the Inspecting Department. This Committee has, I think, taken the opposite view, and has practically supported the demand that there should be a balance sheet. If there is no object, as Mr. Knox thinks, in having a balance sheet, and if this Committee agrees with him, I have no personal desire to press for it. It is only that Parliament may know more clearly and distinctly how the money is spent for the particular purpose. (Mr. *Knox.*) May I say that is not the object at all for which this account is kept by the War Office; it is to fix the charges as between the Army and Navy for this purpose. It was never furnished for or attached to the Appropriation Account. The Comptroller and Auditor General seemed to attach some importance to the necessity of annexing it to this account. I urged, on the other hand, that it only served the main purpose which I have described, and that it was not a manufacturing account; and, therefore, I urged that there

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

ARMY APPROPRIATION ACCOUNT.

Vote 9.—Balance Sheet of the Inspection Department—*continued.*

Chairman—continued.

was no necessity for publishing it. I still think that the information it gives is of very little value, and there is no intention of preparing an account so comprehensive as is suggested by the Comptroller and Auditor General, so as to include the cost of the inspection of stores throughout the service at all the stations in the kingdom.

280. But with regard to the cost of certain establishments being ascertained and included in the balance sheet; what do you say as to that?—That is all shown. All the cost of the establishments which are employed upon inspecting the stores at Woolwich delivered for the Army and Navy is included in this balance sheet.

281. Does that comprise all the establishments contemplated by the Comptroller and Auditor General?—It includes all the establishments employed in inspecting the stores I have described.

282. (To Sir *C. L. Ryan.*) Do you admit that the establishments as described by Mr. Knox represent the establishments mentioned in your Report?—I did not follow what Mr. Knox said on this point; but I think I have nothing more to add.

283. (To Mr. *Knox.*) Let me ask you again whether the cost of these establishments mentioned in the Comptroller and Auditor General's Report is included in the balance sheet; I understand you to say that the cost of these establishments is ascertained and is included?—No; I said that the cost of the establishments engaged at Woolwich in inspecting the Army and Navy stores and passing them into the service is included in this statement. The Comptroller and Auditor General wishes to include a large number of other things, and we demur altogether to presenting any balance sheet of such expenditure.

284. What are the other things that the Comptroller and Auditor General refers to?—Every establishment and expenditure which is incurred throughout the service on account of inspection of any kind.

285. You consider that those are too numerous and too extensive to be included?—Yes, and too complicated; it would be a most laborious thing to do, and, so far as I can see, would serve very little purpose.

286. (To Sir *C. L. Ryan.*) What have you to say after hearing what Mr. Knox has stated?—I have only to say that if a statement of that kind is not accurate and full it had better not be prepared at all. If you want to ascertain the cost of a service you must include everything that comes within it.

287. Do you admit that to include all these things would be too laborious?—I am not prepared to give an off hand answer as to that. Mr. Knox, of course, speaks with great authority on behalf of the War Office; I have not had an opportunity of considering the point. (Mr *Knox.*) Our object is to raise a charge against the naval authorities for the work which we do for them; it is necessary to keep an account for the purpose, and everything necessary for that purpose is included in that account.

288. (To Sir *C. L. Ryan.*) I understand you to consider that if what you suggest is not done the balance sheet will not be of much use?—I do not think it will. We approach it from two different points of view. Mr. Knox explains that he wants it only to enable him to make a charge against the Navy. I thought the intention and the object of this Committee in recommending it was to ascertain the cost of inspection; if that is not to be ascertained I do not think there is any object in having the balance sheet attached to the accounts.

289. After hearing what Mr. Knox says about its being so laborious and expensive, what do you say?—I am not prepared to give an answer on that point at the moment.

290. Do you think it might be worth your while to think it over and let us know what your opinion is, on another day?—It would require, of course, inquiry into what it really involves. The publication has taken place with the consent of the Treasury; and I think the Treasury ought to be consulted.

291. (To Mr. *Ryder.*) You have heard what Mr. Knox has said upon this subject?—I have.

292. Can you give the Committee any opinion or any assistance upon the question?—I rather think that the Committee and the Treasury, and perhaps, the Audit Office, have been under a little misapprehension as to the nature of the balance sheets that are being prepared by the War Department. For some three years past, I think we thought the balance sheets were complete and would give a full view to Parliament of the cost of the Inspection Department and the results of the expenditure, if they were published. The simple question before us was whether they ought to be published or not. We did not think any additional labour would be imposed by their publication upon the War Department. Now, however, that we have got the balance sheet we find that it is a very different thing from what we thought, and that it is imperfect for our purpose. It answers a particular partial purpose which the War Department had in view, but it does not serve the purpose we have in our minds. The question, therefore, now is whether it is worth while going to the expense of making the balance sheet really perfect. The view to which, I think, the Treasury inclines is, that on the whole it is not worth while improving the balance sheet, and that it will be better to discontinue its publication.

Mr. *Bartley.*

293. (To Mr. *Knox.*) As I understood, the so-called balance sheet is simply an arrangement at the War Department to apportion the amounts between

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

ARMY APPROPRIATION ACCOUNT.

Vote 9.—Balance Sheet of the Inspection Department—*continued.*

Mr. *Bartley*—continued.

between the two great Departments of the Army and Navy; is that so?—Quite so.

294. Therefore it is only prepared with that object in the office itself?—That is all.

295. It is not really in the nature of a balance sheet from a financial point of view?—No, it is not.

Mr. *Cameron Corbett.*

296. Then, from your point of view, there is no object in publishing the balance sheet?—None whatever.

Mr. *Alpheus Morton.*

297. (To Sir *C. L. Ryan.*) Perhaps it would be desirable to postpone this Vote until we get your answer to the question put by the Chairman, which I understood you to say that you could not give off-hand?—The point I could not answer was whether or not the preparation of a complete balance sheet would involve all the difficulty, trouble, and expense which Mr. Knox has spoken of. I am quite prepared to say at once that if this Committee does not think the balance sheet in a perfect form is of sufficient value to justify the cost of preparing it, and if the Treasury concur in that view, as they appear to have done, personally I have no wish to press for this balance sheet. It was thought that it would give the Committee and Parliament a more perfect idea of the cost of inspection. Mr. Ryder has very clearly explained that until this moment he and I were both under a misapprehension; we thought the War Office could furnish such a balance sheet, and could do so without any great difficulty; it now seems they could not. The question then comes, Is it worth while? I was asked whether it would involve the trouble, expense, and difficulty which Mr. Knox said it would, and I said that I could not possibly give an answer off-hand to a question of that sort; but I do not want to lead the Committee to defer the consideration of this question with the idea that any very special importance attaches to the publication of the Inspection Department balance sheet if they do not themselves desire the information.

298. You could only give us an answer with regard to that point by taking time to consider it?—The question is really whether a perfect balance sheet would be worth the cost and trouble that it would involve. I think you may take it from Mr. Knox that it does involve considerable cost and trouble, speaking as he does with his great knowledge; all I say is that I cannot back that statement of his off-hand. (Mr. *Knox.*) When it is suggested that it is imperfect, I should say the balance sheet is quite perfect for the purpose it serves, that is to say, for the purpose of assessing the charge for the establishment at Woolwich employed upon inspectors' work as between the Army and Navy. That was our idea. The Comptroller and Auditor General

ARMY APPROPRIATION ACCOUNT.

Vote 9.—Balance Sheet of the Inspection Department—*continued.*

Mr. *Alpheus Morton*—continued.

soared far above any idea that the War Office ever had in preparing it.

Chairman.

299. (To Sir *C. L. Ryan.*) On the whole do I understand you to say that as Mr. Knox's view is that the preparation of the balance sheet would entail great labour and cost, you are not desirous of pressing it, after hearing, also, what Mr. Ryder has said?—I have no wish to put the Department to any expense or trouble which it may not be thought worth while to incur. If there is no desire on the part of the Committee for such balance sheet, I do not wish to press it. I, personally, as Auditor General, have, of course, no desire in the matter; I am only acting as the servant of the Committee in endeavouring to get information for them which I thought from previous Reports they did desire to have. If they do not desire to have it I do not desire to press for it.

Mr. *Alpheus Morton.*

300. You consider, as I understand, that the wishes of previous Public Accounts Committees have not been carried out at the present moment?—I consider they have not. But Mr. Knox has explained that when the War Office said they could give a balance sheet, they did not understand the view, which I thought was the view of the Committee, which I have expressed in this paragraph.

301. Could you, after consideration, give us any further information that would give us an opportunity of saying whether this ought to be given or not?—I do not see that I could add to what I have said in any material way.

Chairman.

302. (To Mr. *Knox.*) Can you give us any idea as to what the cost of preparing a complete balance sheet might be?—I cannot say definitely; but it would involve a considerable amount of trouble, and it would necessitate the employment of a good number of men upon it.

303. It might occasion the expenditure of several thousand pounds?—Yes.

304. Many thousands of pounds, perhaps?—I do not say many thousands, but two or three thousand.

Mr. *Alpheus Morton.*

305. You have no objection to furnishing such a balance sheet, I suppose, beyond the cost?—Of course by the addition of men to the establishment the work can be done, but it increases the labour of superintendence, and it occupies the time of the men who are superintending; in fact it wastes their time if it does not serve any useful purpose.

306. Independently of the cost, are there any other reasons why we should not have what the Comptroller and Auditor General describes as a

ARMY APPROPRIATION ACCOUNT.

Vote 9.—Balance Sheet of the Inspection Department—*continued.*

Mr. *Alpheus Morton*—continued.

proper balance sheet?—No, I do not know of any.

307. You have made no estimate of the extra cost?—No.

308. If I read this paragraph rightly, the actual cost of this inspection has been much less than your estimate of the cost?—We saved money last year.

309. A large sum of money?—Yes.

310. It appears to be a saving of 80,000*l.*; it is the difference between 230,000*l.* and 147,000*l.*, is it not?—The saving of 10,223*l.*, under Vote 9, Sub-Head A., Wages of the Inspection Department, is explained as "due to reduced quantities of rifles and small-arm ammunition coming in for inspection." That is a saving in the cost of inspection, not in the cost of preparing the accounts of the inspection. There was a saving on the amount for inspection, because the amount of stores that came in to be inspected was reduced.

311. If you read the previous part of this paragraph it says, "the balance sheet;" I suppose that is the balance sheet we are referring to?—Yes.

312. "The balance sheet, while affording no indication of the value of the stores actually inspected during the year, shows that the cost of the services performed for the Army, Navy, Ordnance Factories, and sundry persons, amounted to the sum of 147,018*l.* 11*s.* 4*d.*;" is that right?—Yes.

313. For that work you had estimated 230,000*l.*?—That is the estimated cost of the various services performed in respect of inspection. It is stated in the note that the estimated cost was 230,000*l.*; and the balance sheet, which brings out the cost as distributed among the two Departments, shows only 147,000*l.* The 230,000*l.*, I imagine, is the total cost of everybody employed upon inspection of all kinds.

314. That includes the balance sheet, does not it?—It includes what is taken up in the balance sheet.

315. Does it not include the cost of making the balance sheet?—No.

316. Where does that come in?—That comes into the cost of the clerical establishment employed down at Woolwich.

317. This cost has nothing to do with it?—No.

318. Have you no idea what the additional cost would be to make up the balance sheet such as is required by the Comptroller and Auditor General?—I think it would require, perhaps, a couple of thousand pounds.

319. Is that a sum we ought to be afraid of paying to get a good balance sheet?—You have already a good balance sheet for the purposes for which it is compiled. The balance sheet which is suggested by the Comptroller and Auditor General is a sort of fancy account, bringing together the cost of everybody and everything which can be stated to belong to inspection in order to show what inspection costs.

320. Had we not better have a proper balance sheet or none at all?—You must have this balance sheet in order to divide the charges between the Army and Navy.

321. This is the first time, as I understand, that you have had this balance sheet?—It is the first time it has been printed. I understood the only question was as to its being printed; and we said, "If it is only a matter of printing it we will print it." Then immediately it is printed, it is said, "This is something entirely different from what we expected; let us have a complete account to cover everything connected with inspection." We demur to that, because we think that is entirely different from what was asked for and is unnecessary.

322. (To Sir *C. L. Ryan.*) I suppose your idea would not be that what you are requiring is a "fancy balance sheet"?—What I say is that if it is to be of use from the point of view for which I thought it was required it is imperfect. If it is only wanted for another purpose it would better be not to print it at all.

323. You would say, I presume, that your requirement was not a fancy balance sheet at all?—Certainly not; it would have given what I thought it was the wish of the Committee to have.

Mr. *Arthur O'Connor.*

324. Do you see in your own mind how the balance sheet as rendered might be modified or supplemented so as to meet your requirement?—I think it would probably involve an increased expenditure.

325. Apart from the question of cost do you see how it could be supplemented or modified so as to meet your requirement?—Assuming that the requirement is to show the cost of inspection.

326. Would it require the re-casting of the balance sheet or a different system of accounts?—It would involve the inclusion of a good deal that is not included.

327. It would not alter the general character of the balance sheet?—I should not like to answer that question off-hand because it involves a question of figures.

328. This is not a new point, I think; we have had it several times before us, have we not?—Yes, but we have never seen the balance sheet in print before.

329. Your view has been put before the Committee more than once and has been understood by the Treasury?—Yes.

330. And, so far as you knew, your view has been understood by the Committee?—I thought so.

331. Apparently Mr. Knox did not understand it?—He has told us so to-day. I did not know it before.

332. The balance sheet which is now printed

Army Appropriation Account.

Vote 9.—Balance Sheet of the Inspection Department—*continued.*

Mr. *Arthur O'Connor*—continued.

is prepared for War Office purposes, and would be prepared in any event, I understand?—Yes.

333. But it has not been so modified as to meet your requirements or the requirements of the Committee?—As I understand them.

334. Now Mr. Knox says that your requirements are something in the nature of a "fancy account," and that such an account would not be worth the trouble incident to its preparation?—That is his view, as I understand. (Mr. *Knox.*) I never understood that the Committee had formed any idea of what this account was. What the Comptroller and Auditor General put to the Committee was that he had found this account in our office; it looked very much like a balance sheet of one of the factories accounts, and he thought it would be a good thing to have it printed. I do not think the Committee had formed any idea of what the account was.

335. I suppose the ideas of the Committee will be ascertained from their Report?—Yes. The only question was whether this balance sheet, which had been prepared in the War Office, should be printed in the Appropriation Account.

Brennan Torpedo Installations.

Chairman.

336. (To Mr. *Knox.*) From the last two sections of paragraph 15 of the Report of the Comptroller and Auditor General, it appears that a certain sum of 385*l.* has been charged to the Imperial Defence Fund and not transferred to Vote 10, where provision has been made for it; is that so?—I do not think it was really understood that provision was made as is here stated; I certainly was not under that impression myself; but the actual framers of the Vote did, I believe, provide in Vote 10 for this expenditure, which properly belonged to Vote 9. We have had a correspondence with the Treasury and consulted them upon the subject, and they are quite in agreement with us that this charge should have been borne by Vote 9. The Comptroller and Auditor General takes the technical objection that as it was to some extent provided in Vote 10, the charge should have been so recorded. Of course, it is a matter of very little importance, although the technical objection is, no doubt, correct.

337. You accept, I understand, the suggestion of the Comptroller and Auditor General?—It would have been technically more correct to have charged it to Vote 10.

338. Then you accept his suggestion virtually?—No; we have decided now that it is all to be provided in Vote 9, which the Comptroller and Auditor General, no doubt, will also accept. The provision will be made in Vote 9 for this service, and the charge will be made against Vote 9.

339. (To Sir *C. L. Ryan.*) Have you anything to add after hearing what Mr. Knox has said?—The main point is the question of principle that the sum should be charged to the Vote which provided for it. If that principle is admitted there is nothing really important in this particular case.

340. (To Mr. *Knox.*) You do admit the principle that the sum should be charged to the Vote where provision has been made for it?—Certainly.

341. (To Mr. *Ryder.*) Have you any remark to make with regard to this point?—I think the Treasury entirely agree with the Audit Office that the charge should follow the mode of provision; but they also felt that it would be better in future to make the provision entirely in Vote 9.

342. (To Mr. *Knox.*) That will be done in future?—Yes.

Army Appropriation Account.

Vote 9.—Brennan Torpedo Installations—*continued.*

Chairman—continued.

Cost of Repair of Guns for Proof and Experimental Purposes.

Chairman.

343. (To Mr. *Knox.*) May I ask you to look at the last sentence of paragraph 18, where the Comptroller and Auditor General says that no sufficient reason, in his opinion, has been adduced for departing from the equitable arrangement proposed by the Admiralty, and that he has recently been informed by the War Office that the question is under consideration; will you be good enough to state what has been done?—This matter is still under consideration. It is a subject which is found to be surrounded by considerable difficulty, but the Inspection Department (which has charge of it) is directing its attention to it with a view of shortly coming to a conclusion as to the way in which the charge should be brought against the Admiralty. I think I shall be able to report to the Committee some time before they conclude their deliberations that an arrangement has been come to.

Sir *Arthur Hayter.*

344. You incline to think that a division between the two Departments will be the best arrangement, do you not?—Certainly.

Chairman.

345. When do you expect to be able to report that a conclusion has been come to?—I cannot say; the matter is now under consideration.

346. Will you be able to report it at the next meeting of the Committee?—I do not think so.

347. It may be a month or so before you can do so?—It may.

Royalties on Carriage Mountings.

Chairman.

348. (To Mr. *Knox.*) From the last sentence of paragraph 19 of the Report of the Comptroller and Auditor General it appears that a certain sum

13 *March* 1895.] Sir C. L. RYAN, K.C.B., Mr. RYDER, C.B., and Mr. KNOX, C.B. [*Continued.*

ARMY APPROPRIATION ACCOUNT.

Vote 9.—Royalties on Carriage Mountings—*continued.*

Chairman—continued.

sum of 2,657*l.* 6*s.* 9*d.* should have been charged to the Imperial Defence Loan; that you admit, I understand?—That is admitted; the charge should have been made in that way.

349. Then what is the consequence of that admission?—It will be disallowed; it was supposed at the time that there was not money available in the Imperial Defence Fund to meet the charge.

350. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point?—No; I assume the balance will be altered accordingly.

351. (To Mr. *Ryder.*) Have you any remark to make on this?—The alteration will be in accordance with the view of the Treasury.

Mr. *Buchanan.*

352. (To Mr. *Knox.*) Then, I presume, an alteration will be made in the accounts, because I understand this sum is disallowed?—Yes; it will be altered in the accounts.

FREE GRANTS.

ZANZIBAR.

Chairman.

353. (To Mr. *Knox.*) With regard to the fourth sentence of paragraph 20, I should like to ask why the issues which were made in the year 1892–93 were not noted in the Appropriation Account of that year, and why they were brought on to this year's accounts?—We were not fully informed at the time the account of the previous year was prepared what the amount was.

354. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point?—I think there is nothing further to be said beyond what is stated in the paragraph.

355. (To Mr. *Ryder.*) Have you any remark to make upon this?—The Treasury sanctioned the notation in the present year's account in default of the record in the previous year.

Sir *Arthur Hayter.*

356. This can only be done with Treasury sanction?—The Treasury sanctioned the grant in the first instance on the condition of the notation of the account; by an accident that notation was omitted in the proper year's account; and therefore, as the next best thing, a record was made in the succeeding year's account.

Mr. *Buchanan.*

357. (To Mr. *Knox.*) How was it omitted from the proper year's account?—My impression is that we were not thoroughly informed as to what the amount was.

358. You knew there was a grant of this sort made?—Yes; we knew a grant had been sanctioned, and, of course, it ought to have been

ARMY APPROPRIATION ACCOUNT.

Vote 9.—Zanzibar—*continued.*

Mr. *Buchanan*—continued.

noticed in the account. A note should have been made; it was an omission.

359. Who is responsible for its omission?—Someone in the War Office.

Mr. *Alpheus Morton.*

360. This is not the payment of money, as I understand, but an issue of these stores?—Yes.

361. How was it that it was not found out before?—It was found out. The Treasury had sanctioned it.

362. But if these things can be forgotten for 12 months in one case, what guarantee have you that there are not a lot of these things going on?—None whatever that I know of.

363. I see under Heads E. and F. of Vote 9, there is a very large sum out of the grant that was not expended; what is the explanation of that; I have looked at what appears at pages 88 and 90, but that does not make it very clear?—The difficulty in connection with the expenditure on stores is very great indeed. We find that whoever we make contracts with, they very frequently fail (as well as the factories) to deliver stores at the time they are expected to deliver them.

364. In other items under this Vote, I see, for instance, Items D., G., H., I., and J.; you expended much larger sums than the grants?—Yes.

365. I suppose you calculate these things will balance each other?—Yes, practically; it would, in fact, be most inconvenient in dealing with stores, considering the conditions under which they are purchased and obtained and delivered, if, when we find that certain contractors will fail to deliver the normal quantity, we were not able to spend upon normal stores the money that thus becomes available.

366. You cannot make a closer estimate than this?—You cannot.

367. It says in the Explanation that you did not spend 100,000*l.* under the Sub-Head "Ammunition" which you estimated to spend?—Yes; perhaps the contractors were not able to supply us in accordance with their contracts. Taking cordite, for instance, I know this year the contractors did not deliver anything at all.

368. You generally consider that one item balances the other?—Quite so.

On VOTE 10.

TRANSFERS OF WAR OFFICE PROPERTY.

Chairman.

369. (To Mr. *Knox.*) From the fourth sub-section of paragraph 21 it appears that in certain cases "there has been no alienation of War Office land, and that the land has been merely lent to another public Department, a statement which appears

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

ARMY APPROPRIATION ACCOUNT.

Vote 10.—Transfers of War Office Property—*continued.*

Chairman—continued.

appears to be scarcely consistent with the intention to vest the land at Chatham in the Admiralty by means of an Order in Council;" I should like to ask upon that why no note was made of that transaction; would it not have been as well to do so, having regard to the clear intention declared in the Report of this Committee of last year?—It was because there was no actual transfer of the land.

370. Should there not have been some note made?—No, I think not.

371. (To Sir *C. L. Ryan.*) After hearing Mr. Knox's opinion, do you adhere to what I understood to be your opinion, viz., that a note should have been made?—I do not think it follows distinctly that I said that should have been done in this case, but I thought it was one of the things that ought to be noticed. It was rather in the subsequent cases that I expressed a decided opinion that a note should be given.

372. Not in this case?—This case, I thought, was one I ought to notice as showing the difference of interpretation placed by the War Office upon the declaration of the Committee from that which I should have assumed it would have borne. That is rather a question for the Committee.

373. (To Mr. *Knox.*) Further on, in the last sentence or sub-section of the paragraph, the Comptroller and Auditor General says that a certain transaction represented only by a small credit in the Appropriation Account should have been explained by a note to the account, and that such, of course, would have been in accordance with the spirit of the recommendations of this Committee; can you explain why such a note should not have been made; perhaps you would say you will make it in future?—No, I think not. We should not regard the interpretation of the Comptroller and Auditor General as in accordance with the spirit of the recommendation of the Committee. What the Comptroller and Auditor General drew attention to before was, that lands were exchanged, actually given away by us in exchange for other land, and that such a transaction, inasmuch as it did not involve any entry in the account at all, escaped the notice altogether of the Comptroller and Auditor General. Now, it was understood from that that what he wished was that some machinery should be established under which such exchanges of land should come under his cognisance. An entry of an amount, however small, which would signify the exchange of land, would draw that exchange to his attention, and therefore we came to the conclusion that there was no necessity for drawing his attention to the transaction in any other way. The entry of this 72*l.*, or even of a penny, in the account would draw his attention to the fact that the land had been exchanged.

374. You think that notes are not necessary in such cases?—Not where any money passes,

ARMY APPROPRIATION ACCOUNT.

Vote 10.—Transfers of War Office Property—*continued.*

Chairman—continued.

but where money does not pass and it is thought advisable he should know, then a note should be appended.

375. But not where there is any money passing?—No, because that draws his attention to the fact of land having been exchanged.

376. (To Sir *C. L. Ryan.*) What have you to say upon this point?—The question is really one of the interpretation of the Committee's recommendation. In their Report of last year they say, "Your Committee observe that there are no official means whereby transactions relating to exchanges of land are required to be brought under the cognisance of Parliament unless some expenditure of money is involved;" and the Treasury Minute says that the Committee observe on the absence of information to Parliament where such exchanges involved no money payment. We thought the insertion of a small sum in the account was not sufficient information to Parliament; the question of information to the Comptroller and Auditor General is quite a different matter.

377. (To Mr. *Knox.*) If it is desired that such a note should be made as the Comptroller and Auditor General mentions, I presume there is no difficulty in making it?—No, there is no difficulty, but we did not understand that that was advisable.

378. But it can be done if the Committee desire it?—Certainly it can be done, but it would be somewhat illogical to do that and not call attention in detail to all transactions of the kind which take place.

Mr. *Arthur O'Connor.*

379. (To Sir *C. L. Ryan.*) I suppose what you want is to be made aware of any alienation of real property by the War Office, whether it be by exchange, or by purchase, or gratuitously?—Where the purchase money does not cover the full value, where there is partly exchange and partly purchase, such as is the case here. £500 is all the money that passed; 5,000*l.* was the worth of the land. We thought that was a case where it might, according to the spirit of the recommendation of the Committee, have been noted.

380. You may get inequality of exchange in the shape of money where two pieces of land are exchanged of unequal value, but surely that is not the only case in which you would desire to be informed of it; supposing land was alienated without any consideration, would you think that ought also to be noted?—Clearly, where there is no consideration, where no money passes, it is admitted that must be noticed. That, I understand, is not contested by the War Office. (Mr. *Knox.*) That is not contested.

381. (To Sir *C. L. Ryan.*) A case of ordinary

 purchase

Army Appropriation Account.

Vote 10.—Transfers of War Office Property—*continued.*

Mr. *Arthur O'Connor*—continued.

purchase or sale would come before you, I presume?—It would come before us in the ordinary way in the accounts, and we should see and know it.

382. If there is inequality of exchange, and money passing one way or the other that must figure in the cash account, would not that affect you with notice of the exchange?—It would be noted, and therefore the question does not arise with regard to it. The only cases are where it is a partial exchange, or an exchange for inadequate value upon other considerations, and so on. Those are the cases which we think might be noted, where money may pass; and in this particular case money did pass to the value of 500*l.*, but the transaction was really for 5,000*l.*

383. It was brought to your notice?—It was brought to my notice, but I thought it ought to be brought into the account so that Parliament should be informed. It is not a question of its being brought to my notice, but to the notice of Parliament. The Committee of Public Accounts have said that Parliament should be informed.

Sir *Arthur Hayter.*

384. (To Mr. *Knox.*) Do you not agree that putting in 500*l.* as an Appropriation in Aid, when this transaction was really for 5,000*l.*, is about as misleading a way of putting it as you can do?—The 500*l.* is not definitely stated at all; it is merged in the general amount of the proceeds of the sale of lands. I forget how much is brought in aid, but a large sum was brought in aid.

385. Practically, so far as Parliament is concerned, they have no information about it at all; it is all lumped in one sum?—Quite so; they have not.

386. What is it the Secretary of State gave his assent to, after the Treasury had been consulted and this Committee had reported?—That whenever an exchange of land without any money passing took place that exchange of land should be noted somewhere in the account.

387. Do you see any difficulty in putting in a note upon any exchange of land?—None.

388. If money passes you say the Comptroller and Auditor General must see it?—Yes, and when no money passes we insert a note.

Mr. *Buchanan.*

389. But, as regards the information to Parliament, in looking at the Estimates presented to us, we have no means of ascertaining the facts relating to this question about Devonport, unless we have this subsequent explanation by the Comptroller and Auditor General?—No; and Parliament has no information as regards the lands that are sold outright.

390. Where a transaction takes place in which the War Office parts with property really of the value of 5,000*l.*, and it appears in the Estimate

Army Appropriation Account.

Vote 10.—Transfers of War Office Property—*continued.*

Mr. *Buchanan*—continued.

that merely 500*l.* is parted with, surely, in order to make the Estimates clear for information to Parliament, a note should be made of the fact that property of this value has also passed away from the War Office; is it not desirable, in order to make the Estimates clear, that this should be done?—I cannot say that I think so; I think the Estimates are quite clear without it; in fact, it would not be stated in the Estimates, but only in the Appropriation Accounts.

391. I cannot see the objection to putting in a note?—I do not say that there is any objection.

392. We all want to get the accounts cleared; it does not seem to entail much labour, and I cannot see what objection really the War Office would take to it, and it is certainly in the spirit of the recommendation of the Committee of last year, although you may contend, under the letter of it, it was not directly enjoined?—That was our view of the recommendation, and that is why the note was omitted.

393. You see no real practical objection to its being added?—No. Of course the figures that are inserted in this account, and the statements that are made in it, are a mere nothing as compared with what they represent in the way of the transactions of the War Office, and the Public Accounts Committee might wish to see the details of every account and have it presented to them, and they would be quite within their powers in having all the Paymaster's accounts and so on brought down here for them to look at if they wished to do so; but we thought there was a limit to these things, and what the Committee wished was that nothing of this sort should take place without the Comptroller and Auditor General having an opportunity of drawing the attention of the Committee to it. Having secured that a note shall be inserted wherever an exchange takes place, although no money passes, they have ensured the attention of the Comptroller and Auditor General being drawn to it, and he has the means, with regard to every other transaction where any money passes, of notifying to the Committee anything he wishes to note as regards any sale of property.

Mr. *Alpheus Morton.*

394. (To Sir *C. L. Ryan.*) Was it not clearly understood last year that we wanted all this information for the benefit of Parliament?—I thought the Committee meant their recommendation to be rather wider than the War Office has understood it to be. I thought they meant, practically, that in these exchanges of lands where no money passed, certainly, and where only a small part of the cost was paid in cash also, there should be a note. If the Committee do not attach importance to that, I, of course, am served with notice of every exchange where money passes, and if necessary I could follow it up. If the Committee likes to leave a greater responsibility with the Comptroller and Auditor in this matter

and

13 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

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Vote 10.—Transfers of War Office Property—*continued.*

Mr. *Alpheus Morton*—continued.

and say, "We do not want to encumber the account with more than is absolutely necessary, and we leave it to you to look into every case of exchange where only a small sum of money passes, and report it where you consider it necessary," that can be done. I did not so view the recommendation of the Committee.

395. Was it not our view last year that Parliament should have that information as well as you?—I understood it so.

396. (To Mr. *Knox.*) You say there is no great difficulty about inserting such a note?—I do not think so.

397. Is it not better to give such a complete account as the Comptroller and Auditor General says (and my memory was the same) was intended?—If that is the view of the Committee.

398. You do not object to it?—I do not object to it.

On Vote 14.

Retired Pay, Half-Pay, and other Non-Effective Charges for Officers.

Concurrent Issue of Half-Pay and Pay as Colonel of Militia Artillery.

Chairman.

399. (To Mr. *Knox.*) In paragraph 22 it appears that to a certain military officer half-pay has been issued while he was holding a military appointment, and that seems to be contrary to the regulations; but it appears further that the War Office consider that there is no such thing as a definition of "a military appointment," and that it may be a question whether the appointment which this officer held was a military one; but it apparently was a military one; if so, how is the issue of half-pay justified?—This officer was an officer of Militia, that is to say, he came out for a month during the year, and received pay for that month; that is not according to the War Office interpretation a "military appointment." An "appointment" is a position which the man holds continuously, and draws continuous pay for. Those are the conditions, in fact, in the regulations of the Army, under which a good number of officers go on half-pay for a limited time and draw that half-pay continuously with a view to holding a commission in the Militia for which they draw the month's pay.

400. But could a man draw half-pay while he is holding a Militia appointment?—Yes; he can.

401. The Comptroller and Auditor General seems to think that is contrary to the regulation?—That is because he held that a position in the Militia for which an officer is called out for a month in the year is a military appointment; but the War Office says it is not a military appointment within the meaning of the regulations.

Army Appropriation Account.

Vote 14.—Concurrent Issue of Half-Pay, &c.—*—continued.*

Chairman—continued.

402. Otherwise in general acceptation it is a military appointment, is it not?—It is a military position, but an "appointment" is a position for which the man draws continuous pay.

403. It is not a military appointment within the regulations as interpreted by the War Office?—Quite so.

404. (To Sir *C. L. Ryan.*) What have you to say with regard to this point?—I have nothing more to say that I have said in the Report. So far as I know the case is without precedent.

405. (To Mr. *Ryder.*) What would be the Treasury opinion as to the interpretation of the technical term "military appointment" in this case?—I think the Treasury would hold that it was for the War Department to define the meaning of "military appointment;" and would suggest that the Pay Warrant should be made more explicit and should contain a definition.

406. Would you accept Mr. Knox's definition of the term?—I do not think the Treasury would object to it.

Sir *Arthur Hayter.*

407. The same thing would apply to all the auxilliary forces, would it not?—Yes; of course, it would apply to the Yeomanry.

408. I was going to say I know of a case in the Yeomanry of the same kind?—Yes, the same thing would apply there.

Mr. *Buchanan.*

409. Will the matter be definitely settled (as regards this particular case I understand it is settled) one way or another for our guidance in future?—I have thought over the question whether it is possible to insert in the regulations a definition of what a military appointment is, but there seems to be some difficulty where it is intended to be an exclusive term. We may, however, make an attempt to do so, which would, at all events, prevent any difficulty on the part of the Comptroller and Auditor General as regards their appointments.

Chairman.

410. You could, at any rate, say that these particular appointments in the auxiliary forces are not to be considered "military appointments" within the regulation?—Yes.

Mr. *Buchanan.*

411. May we understand that the War Office are going to make such an alteration in the regulation?—If it is thought advisable to do so we should make the attempt.

Sir *Arthur Hayter.*

412. Is it worth while if the Treasury have no objection?—I should have thought it was not worth while, but if things would be more complete in that way I have no objection to make the alteration.

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Vote 14.—Concurrent Issue of Half-Pay, &c.—*continued.*

Mr. *Bartley.*

413. Is it not much better to leave the thing as it is and look at the circumstances when any question arises?—I should think so; we have never had any doubt about it before; but it is, of course, the function of the Comptroller and Auditor General to raise doubts whenever he can properly do so.

414. You think that the War Office might have a certain amount of discretion in these military matters?—Yes.

Mr. *Cameron Corbett.*

415. Was this case dealt with entirely according to precedent?—I do not know that there are any cases exactly in point, but we have a regulation under which officers of comparatively short service are allowed to go on half-pay specially with a view of taking appointments in the Militia, and those officers have always drawn their half-pay and the Militia pay while they are with the Militia.

Mr. *Arthur O'Connor.*

416. (To Sir *C. L. Ryan.*) I suppose you would not object to a pensioned serjeant being employed by the Volunteers?—I do not object at all if it is recognised as within the definition of the War Office. They are the proper authority to define what is a military appointment. There is no definition in the Royal Warrant.

417. You are satisfied with that?—Yes.

On Vote 16.

SUPERANNUATION, COMPENSATION, COMPASSIONATE ALLOWANCES AND GRATUITIES.

PENSION TO SIR E. C. NEPEAN.

Chairman.

418. (To Mr. *Knox.*) You will observe that in the last sentence of paragraph 23, which relates to the pension of Sir Evan Nepean, the Comptroller and Auditor General states that he is unable to pass the present allowance for payment without drawing attention to the unusual character both of the original award and of the subsequent action in regard to it. I understand the summary of the case to be this: that Sir Evan Nepean, desiring to take an appointment outside, at about the age of 54 years, retired, on the understanding that he is to draw his pension at a certain rate when he becomes 60 years of age; that is so, is it not?—That was the understanding.

419. Subsequently the employment, for the sake of which he had retired, failed, and then he desired to come back to his pension at the full rate, or some rate of that kind?—Yes; at some rate.

ARMY APPROPRIATION ACCOUNT.

Vote 16.—Pension to Sir E. C. Nepean—*continued.*

Chairman—continued.

420. It appears to me that this arrangement is a very peculiar one; that is to say, allowing an officer to retire without actually beginning to draw his pension, because he is not entitled to it then, but on the understanding that he is to commence drawing it some four years later, when he is entitled to it. I understand the Comptroller and Auditor General is of opinion that that is a very unusual arrangement. Supposing my summary of it is correct, or approximately correct, may I ask what is the explanation the War Office have to give upon the whole matter?—It cannot be denied that such an arrangement as this was quite an extraordinary arrangement, but the question was practically this: the War Office was being reorganised, and under the conditions of reorganisation all persons who had given more than 30 years' service were allowed to retire, provided they complied with the conditions of the Superannuation Act. Mr. Nepean, under that regulation, applied to retire, which he was quite warranted in doing, and claimed his pension. It was found, however, that under the conditions attached to any retirement of that kind a saving to the public must be shown; that is to say, it must be shown that an absolute saving of expenditure arises. When the calculation was made of what Mr. Nepean's pension would be, and what the charges would be consequent upon his retirement, it could not be shown that there was a saving to the public; but by postponing the issue of his pension until he reached the age of 60 it was shown that a saving would arise, and that therefore the condition of the Act would be met.

Mr. *Bartley.*

421. How much was the saving shown to be?—I do not know how much the amount was, but there was a saving shown. Under those circumstances the Treasury, I believe, sanctioned his retirement. Then happened what the Chairman has just stated, viz., that Mr. Nepean found himself in a position that he should like to draw his pension at once. It was obvious, however, he could not draw the pension which had been definitely postponed in that way, but it was decided that he could have an exact equivalent to that pension payable earlier, only diminished so as to bring about an exact balance, so far as the charge was concerned, with an annuity to be given at a later date.

Mr. *Arthur O'Connor.*

422. He got a present annuity instead of a deferred annuity?—Exactly.

Chairman.

423. (To Mr. *Ryder.*) Have you any general remarks to offer on this point; did the Treasury sanction this arrangement? The Treasury did sanction it. The Treasury felt it was a very unusual arrangement, and one that would be properly called

Army Appropriation Account.

Vote 16.—Pension to Sir E. C. Nepean—*continued.*

Chairman—continued.

called attention to by the Audit Office; but they held that it was within their power under the Superannuation Act to allow an arrangement by which the public gained, and which was also to the supposed advantage of a very deserving public officer, and therefore they thought they might sanction it.

Mr. *Buchanan.*

424. Is there any precedent for either of the two arrangements that were made with Mr. Nepean, either as to getting a postponed pension or afterwards as to his revising that arrangement and getting a reduced pension?—I cannot give any example of a postponed pension. There may have been such cases, but I cannot give any instance.

425. You do not think it was absolutely illegal?—No, it was held to come within the powers of the Superannuation Act. The section of the Act which deals with abolitions of office and retirements in consequence of reorganisation gives a very wide power to the Treasury indeed.

426. When you said just now that the Treasury were convinced it would be for the public advantage, do you mean financially?—Yes.

427. I thought I understood from Mr. Knox that one of the difficulties, when it was first considered, was that there would not be a public saving by giving Mr. Nepean a pension?—That was a difficulty in the way of giving an immediate pension, but it was made quite clear to the Treasury that a saving of something like 1,200*l.* a year would be effected by Mr. Nepean's retirement, and therefore they agreed to give the pension earned by actual service up to the age of 54, and to postpone the payment of the pension for five years. He was, therefore, a loser, because he did not gain by those five years in the least, whereas the public did gain by the postponement of the pension.

428. Subsequently, when he got the reduced pension of 697*l.* in 1893, do you say there was a gain financially?—Yes; the public again gained there, because they gave him an equivalent pension based upon the principles of the Pensions Commutation Acts. Under those Acts a very considerable abatement is made upon the actuarial value, and the public gains very considerably upon all transactions under those Acts.

429. If he had taken his pension in 1891 there would not have been a public gain, and if he got the 950*l.* in 1896 there would be a public gain, which one can understand. You made special terms with in 1893, which, no doubt, were an advantage to him, and by which, assuming this arrangement in 1896, there might be a public gain?—The public gained on each occasion, both in 1891 and in 1893.

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Vote 16.—Pension to Sir E. C. Nepean—*continued.*

Mr. *Buchanan*—continued.

430. Do I understand you to say that the public would have gained in 1891 also, supposing he had taken his ordinary pension in 1891; I thought that was denied?—If he had been given his pension immediately there was a doubt whether the public would have gained, because of the temporary nature of a large part of the savings.

431. Supposing in the ordinary course of things he had retired in 1893, apart from this arrangement in 1896, would there have been a public gain?—Under the ordinary arrangement, if he had retired in 1893 on a medical certificate, for instance, he would have got a very considerably larger pension than he actually did get.

432. Does he get a larger pension under this arrangement in 1893 than he would have got supposing his office had been remodelled and he had retired in 1893?—No, he has received considerably less pension than his ordinary service pension up to 1891.

Mr. *Bartley.*

433. Has his office been quite abolished?—No; there has been reorganisation to a certain extent. A Director of Contracts at a less salary was appointed in his place.

434. Do you not think that such an arrangement as this is open to grave objection as a rule?—I think the Treasury would not be a party to it, except under certain circumstances where the head of the Department strongly recommends it, and where the officer concerned is a man of very high position and deserves special treatment.

435. You regard this, I understand, as quite an exceptional instance?—Quite exceptional.

Mr. *Arthur O'Connor.*

436. Do you consider the fact that the officer has a very high position an element in the consideration of the case?—I think that it must have been an element affecting the recommendation of the Secretary of State.

437. Why should a man's position affect his treatment; why should they not all be tarred with the same brush, high and low?—I should say that the man's position ought not to affect his treatment in any sense that would injure the public, but where it can be shown to the Treasury that this exceptional treatment will give a financial gain to the public as well as be an advantage to the officer, I think it may be allowed.

438. Do you think that a model letter carrier would have had the same chance of obtaining the same treatment from the Treasury as Sir Evan Nepean?—I think it would rather depend upon whether the head of the Department strongly submitted the case to the Treasury and gave good reasons for it.

ARMY APPROPRIATION ACCOUNT.

Vote 16.—Pension to Sir E. C. Nepean—*continued.*

Mr. *Arthur O'Connor*—continued.

439. Did this reorganisation involve the abolition of his post?—No, it involved the appointment of another Director of Contracts, but at a lower salary.

440. What was Sir Evan Nepean's salary?—£1,500 a year.

441. What was the salary of his successor?—£1,200; but then there were other savings connected with moving men up from the bottom of the office, and the reduction of a senior clerk.

442. Supposing Sir Evan Nepean had remained where he was, would the expenditure in connection with that branch of the service for that office have been greater or less than if he had retired on a pension as from that date?—It certainly would have been greater if he had continued in active service in the War Department, because, for instance, the reduction of his own salary would be postponed, and various promotions could not have gone on in the office.

443. My question is, supposing Sir Evan Nepean had retired with his full salary as from that date, would there have been any saving to the public?—I presume the honourable Member means with his full pension.

444. With the pension he was entitled to at that date?—Yes, which was the pension we granted, only subject to postponement. If he had retired on a medical certificate——

445. No, let us consider it apart from that, because we must not suppose that which we know was not the case. If he had been allowed to retire and take such pension as he would then be entitled to, would there have been a saving or would there not?—I rather understood from Mr. Knox that the saving would not have equalled the pension.

446. There would not on the whole have been a saving to the public, because what the public would have saved in salary they would have lost in pension?—Yes, immediately.

447. Therefore there was not a saving on the footing of his retiring then on pension?—Not if we had paid the pension immediately.

448. I want to know how you get the case within the terms of this section of the Superannuation Act: "It shall be lawful for the Commissioners of the Treasury to grant to any person retiring or removed from the Public Service in consequence of the abolition of his office" (this office was not abolished), "or for the purpose of facilitating improvements in the organisation of the Department to which he belongs, by which greater efficiency and economy can be effected;" was greater efficiency secured by his retirement?—I think the general efficiency of the Department as a whole may be said to have been contributed to by his retirement, although that retirement cost the War Department the loss of a most efficient officer.

ARMY APPROPRIATION ACCOUNT.

Vote 16.—Pension to Sir E. C. Nepean—*continued.*

Mr. *Arthur O'Connor*—continued.

449. The section continues, "such special annual allowance by way of compensation" (not pension) "as on full consideration of the circumstances of the case may seem to the said Commissioners to be a reasonable and just compensation for the loss of office." But this was not a case of loss of office; this was a case of voluntary retirement; this vacation of office was on the motion, was it not, of Mr. Nepean himself?—Yes.

450. Not on the motion of the Treasury?—There have been a great number of cases in which officers, while their Department is under reorganisation, have proposed to the head of the Department and the Treasury that they should be allowed to go in order to contribute towards a reorganisation that was gradually going on, and then they are given pensions under that section. The voluntary element has been admitted very commonly indeed.

451. That is where the Treasury and the Department have agreed, I presume, that some reorganisation is desirable, and proceed to carry it out, intending to carry it out and to insist upon its being carried out, but so far yielding to the wishes of individuals as to consent to some persons who wish to retire retiring, and other persons remaining who desire to remain?—Yes.

452. But in this case the application was altogether at the volition of Mr. Nepean himself, was it not?—I think we must regard it in connection with the gradual reorganisation of the War Department that was going on; the substitution of Second Division Clerks, for instance, for Higher Division Clerks.

453. Then the Treasury found themselves unable to pension him as from that moment?—As I understand it, the Treasury were not satisfied that they would immediately be saving sufficient to cover the pension if Sir Evan Nepean retired on pension directly.

454. They found themselves unable under the terms of the existing law to give him an immediate pension?—They did not feel justified in giving him an immediate pension at the full rate.

455. Therefore, they agree with him that he should have a deferred pension?—Yes.

456. That pension could not become a charge upon the public in any case under that agreement until the year 1896?—No.

457. That being so, where is the authority of the Treasury to throw into the present year a charge in respect of a possible charge which perhaps may never fall upon the public at all, because Sir Evan Nepean might not live till 1896?—That is quite true, but that contingency was discounted when the smaller pension was given to him, and more than discounted.

458. Where in the Acts relating to pensions do you find authority for the Treasury to anticipate

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Vote 16.—Pension to Sir E. C. Nepean—*continued.*

Mr. *Arthur O'Connor*—continued.

cipate a pension of this kind which is deferred?—The Act does not refer to such a case at all.

459. Has it ever been done for anybody except Sir Evan Nepean?—I do not think I could give an instance of it; certainly not one of exactly the same kind.

Mr. *Alpheus Morton.*

460. Am I to understand, then, that there is no legitimate excuse for giving this pension at all?—The Treasury holds it entirely within its power.

461. Notwithstanding that they were not empowered by the Act of Parliament?—There are no words actually meeting such a case, but there are general terms. The general terms of Section 7 were held to empower the Treasury to make this arrangement.

Army Appropriation Account.

Valuation of Reserve Stores.

Chairman.

462. (To Mr. *Knox.*) At the end of paragraph 25 the Comptroller and Auditor General remarks that no corresponding note to that previously referred to in his Report "is furnished as to the value of the Land Service Stores which may have been included in the present statement, although not paid for until 1894-95, and an inquiry on the subject has been addressed to the War Office;" what is the result of that inquiry?—We have informed the Comptroller and Auditor General only recently that there is no similar system of pre-deliveries of stores at the Arsenal as there is at the Clothing Factory.

463. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point?—That information reached me subsequently to the date of this Report; it was not before me when the Report was written.

[The Witnesses withdrew.

Wednesday, 20th March 1895.

MEMBERS PRESENT:

Mr. Buchanan.
Mr. Hanbury.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Arthur O'Connor.
Mr. Philip Stanhope.
Sir Richard Temple.
Mr. Webb.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

Chairman.

464. (To Mr. *Ryder.*) AN honourable Member of the Committee desires me to ask you why the Treasury Minutes of last October, issued upon the Report of this Committee last year, were not printed and in the hands of honourable Members of this Committee before Monday night last; it might be contended that they ought to be in the hands of the new Committee as soon as it assembles?—I handed the Treasury Minutes to the Clerk of the Committee at the first meeting of the Committee.

465. They were in manuscript, I suppose?—No, they were in type already. We print them for our own purposes; but I believe they have to be set up again in type for the Committee by a different set of printers; and that no doubt takes time.

Mr. *Alpheus Morton.*

466. The Minutes are dated October; would it be possible to circulate them directly the Committee is appointed?—I should have thought such an arrangement might have been made. Anyhow, we certainly might have given to the Members of the Committee copies of our own prints, pending the printing of the Minutes by the Parliamentary printers. If it had occurred to me that the Committee would have liked that arrangement, it certainly might have been done.

467. Can that be done in future?—Certainly it can.

468. Because it is hardly paying proper respect to you that we should not have an opportunity of considering these Minutes?—We should like the Committee to have them as soon as possible.

ARMY APPROPRIATION ACCOUNT, 1893-94.

STORE ACCOUNTS OF THE ARMY.

Mr. RALPH HENRY KNOX, C.B., called in; and Examined.

TRANSFER OF STORES TO THE ADMIRALTY.

Chairman.

469. (To Mr. *Knox.*) IN the second section of paragraph 3 of the Comptroller and Auditor General's Report, regarding the transfer of stores to the Admiralty, it is stated that the Public Accounts Committee of last year regarded the rate of valuation as a matter which deserved further consideration, and that this view was endorsed by the Treasury. The Comptroller and Auditor General goes on to say he has been furnished with a copy of a War Office letter, in which it is stated that "further correspondence with the

Chairman—continued.

Admiralty on this subject is proceeding with a view to either altering the one-tenth rate, or extending it definitely to stores which one Department does not want, and the other can use at once;" and further that "the general correctness of the one-tenth rate for obsolete or unserviceable warlike stores is also being considered." May I ask what is being done now by the War Office in these respects?—This point is being considered, and correspondence is now going on with the Admiralty on the subject; but it is found not very easy to come

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Army Appropriation Account.

Transfer of Stores to the Admiralty—*continued.*

Chairman—continued.

come to any definite conclusion different from this one-tenth rate for the obsolete stores. However, we think that, after a little consultation, we shall be able to arrive at some settlement which will be satisfactory between the two Departments.

470. Do you expect a speedy settlement?—Yes, it is approaching a settlement.

471. Will it be effected this year?—Certainly, within a very short time.

Mr. *Hanbury.*

472. I suppose this discussion has only been going on since the 18th of October last year, since the Treasury endorsed our view in their Minute of that date?—Yes.

Surplus of Gunpowder at Purfleet.

Chairman.

473. (To Mr. *Knox.*) It is stated in the last section of paragraph 4 of the Report that "Transfers between the Army and Navy Accounts, affecting the ledger balances of various kinds of powder, have been made in cases where surpluses on either charge could be set-off against corresponding deficiencies; thus showing that the results of the stock-taking by which the quantities of powder belonging to each Department were ascertained were not treated as final by the War Office." Then the Comptroller and Auditor General goes on to say: "No action appears, however, to have been taken with regard to the remaining discrepancies beyond taking the surplus on charge." I would ask you two questions upon that: first, how has it happened that the quantities of gunpowder are not treated as final by the War Office; and secondly, why no action has been taken with regard to the remaining discrepancies beyond taking the surplus on charge?—In the first instance after the division of the Stores between the Army and the Navy took place, considerable difficulty was found in allotting what should be regarded as the proportion of the Army Stores and what as the proportion of the Navy Stores. It was found after the first settlement was come to, and it was not to be wondered at, that some adjustment had to be made subsequently to the first separation. These adjustments were carried out without any money passing between the two Departments; it was really an adjustment of the original settlement.

474. (To Sir *C. L. Ryan.*) Are you satisfied with the explanation Mr. Knox has now given?—I have nothing more to say than what I have said already in my Report as regards this point.

475. Have you anything to say in regard to what Mr. Knox now says; or does what he says leave the matter where it was?—What Mr. Knox says, I think, practically leaves the matter where it was.

Army Appropriation Account.

Surplus of Gunpowder at Purfleet—*continued.*

Chairman—continued.

476. Is that a satisfactory position?—It has not been satisfactory in the past; but, probably, there have been difficulties that will not recur in future. I cannot say anything with regard to that now.

477. (To Mr. *Knox.*) Supposing it be that your explanation leaves the matter where it was, and that the Comptroller and Auditor General thinks that that position is not altogether satisfactory, can you hold out any hopes that the position will be improved by next year?—These difficulties arose from the fact that for the first time in the history of these affairs a division of these stores was made between the Army and Navy. That division was made according to no particular principle, because there had been previously no principle in the adjustment as between the Army and Navy in the charges for gunpowder. A division was made, and it was found on looking into the thing further that it was advisable to make a re-adjustment of the division. That did not affect it very much, but such re-adjustments as were made were regarded as matters of store account, and not as requiring money to pass between us and the Navy.

Mr. *Hanbury.*

478. Is this a division in the books, because the stocks do not seem to be kept in separate magazines?—They are separated now in different stores.

479. The Report says that "the two stocks, although not always kept in separate magazines, are accounted for in different ledgers?—They are differently marked; the stores are marked "Navy" and "Army," and absolutely distinguished.

480. Are they kept in the same magazine?—They may be in the same magazine, but they are separated as far as possible in different magazines.

Mr. *Mowbray.*

481. What further action could have been taken with regard to these discrepancies?—I do not know of any. When the discrepancy was discovered it was thought necessary to adjust it, and the adjustment took place, that was all.

482. Supposing discrepancies occur in future, is there any further action which could be taken?—It is very improbable that discrepancies with regard to the division as between the two Departments will arise. This was an adjustment of the first division of the stores between the Army and Navy.

483. To make the actual stores correspond with the ledger balances?—Yes.

484. You think that, having been once done, there is no reason why any discrepancies in future ought to arise between the ledger balances and the actual stores?—Quite so.

485. But, I suppose, it would be possible to hold somebody responsible if such discrepancies did arise?—The officer in charge is responsible for anything of that kind.

Mr. *Alpheus Morton.*

486. Is it possible to explain how this 60,000 pounds of powder was omitted to be brought on charge?—I do not think it is. Every inquiry was made into the matter. It was, of course, a very extraordinary thing; but I imagine it arose (that is the only explanation I can suggest) from the very large supplies of gunpowder that were purchased, received, and issued during the large military preparations that took place in 1885–86, when we spent something like 11,000,000*l.*, and something like half a million was spent on gunpowder. No doubt under pressure of that kind the delivery of this number of barrels might very easily have escaped a proper support by voucher.

487. The Report speaks in the next paragraph about barrels being moved from one magazine to another during the progress of stock-taking in that year, with the effect of concealing the actual quantities from the officer engaged in taking stock. Ought not that to have been found out?—Certainly, it ought. The fact that they were moved was found out. The person who moved them, of course, moved them in such a way as to escape detection.

488. Are they allowed during stock-taking to move things in that way?—It would be contrary to orders, certainly; but a person who had power and the time to do it, no doubt might manage to do so.

489. Have you done anything whatever to remedy that in future; have you made any order at all on the subject?—No; the ordinary orders ought to have prevented anything of the kind occurring; but, as I said, I have no doubt it did occur from the great pressure that the Department were subjected to during 1885-86.

490. It is the moving of stock during stock-taking I am particularly asking you about?—The fact that this has been brought to light will, no doubt, draw attention to the circumstance.

491. Have you made any order with regard to it?—It would not be for me to make an order; it would be the Director of Artillery who would give any order upon the subject.

492. Has he done anything?—He has given no special order that I am aware of.

493. Do you not think that he ought to?—To give an order that such a thing as that should not be done would be going quite beyond any ordinary instructions. It is assumed as a matter of course that a thing of that sort is not to be done.

494. Supposing a thing of that sort occurs without your taking very strict notice of it, is it not likely to do a great deal of mischief?—All the authorities became quite aware of this, and, of course, it is a point they will be naturally on the watch with regard to.

Mr. *Arthur O'Connor.*

495. I suppose this whole matter was carefully considered by the War Office when the Comptroller and Auditor General communicated with that Department with regard to it?—Every inquiry was made as to how it possibly could have happened.

496. The correspondence was carefully written?—Yes.

497. May I take it that in the opinion of the War Office the omission to bring to charge such an item as 60,000 pounds of powder is no improbable matter?—It is regarded by the War Office as exceedingly improbable.

498. I notice the words of the War Office letter are, "It is probable that at some time or other a lot of 60,000 pounds was omitted to be brought on charge?—Yes.

499. Would the War Office treat that as a probable matter?—What is meant is, that it is probable that something of that kind may have occurred in this case, because, of course, the stores must have come from somewhere; they were in existence in excess of what the man was debited with.

500. If it was probable that there could be 60,000 pounds of powder not brought on charge, would it be equally probable that other stores at other places might not be brought on charge?—Certainly not. What is meant is, that under the circumstances of the case it is probable that that is the explanation of it. That is where the probability comes in.

501. It is not quite so stated in the War Office letter; at all events this was not discovered until the stock-taking?—It was not.

502. By whom was the stock-taking carried out?—I do not know who the individuals were.

503. Was it a War Office stock-taking?—No, I think not.

504. Was it a stock-taking on the part of the Comptroller and Auditor General?—No, on the part of the Department.

505. Who is responsible for the stock-taking in such a way that barrels of gunpowder can be removed from one magazine to another during the process of stock-taking without the stock-taker being alive to it?—The officer who took the stock-taking.

506. That is why I want to know who it was. In whose hands is this responsible duty left?—The officer receives orders that stock shall be taken, and stock is accordingly taken.

507. (To Sir *C. L. Ryan.*) Perhaps it would be fairer to put the question to you: what is the stock-taking to which you refer in this paragraph?—It is a War Office stock-taking which was taken by an officer at Woolwich.

508. A departmental stock taking?—A departmental stock-taking.

509. During the course of that stock-taking, even by a departmental officer, it was possible to transfer considerable stores from one magazine to another without any check of an effective kind being applied?—It was the fact as appeared from the War Office papers.

510. Are you satisfied with the system of stock-taking as here revealed?—Certainly I can-

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Surplus of Gunpowder at Purfleet—*continued.*

Mr. *Arthur O'Connor*—continued.

cannot say; I am satisfied that that should be the final system of stock-taking, by which such a thing as this should be possible.

511. In previous years, I think, the question has been raised as to whether there should not be an independent stock-taking of warlike stores?—Yes; and, as I understand, there now is an independent stock-taking by the War Office itself, and not by the Department at Woolwich. The last phase of the question, as I understand it, is that in all these matters the War Office insists that the stock should be taken as a test by an officer of their own from the War Office direct, and not merely by the officers attached to the Arsenal or other place in which the stores are deposited. Of course, as the Committee are aware, by their recommendation of last year, which has been carried out by the Treasury and assented to by almost all the Public Departments, my officers, if they have any reasonable cause of suspicion, are entitled to demand the stock-taking to be taken by an officer of the Department, in the presence of one of my officers or myself. That is a further safeguard, which did not exist at the time this stock-taking was taken.

Sir *John Hibbert.*

512. (To Mr. *Knox.*) Would it be possible under the present system of stock-taking that such a removal of barrels from one magazine to another could take place?—What did take place under these circumstances, or is supposed to have taken place (for it is only a supposition), could, I presume, be carried out if there was not complete watchfulness on the part of the officer responsible for taking stock. But the idea of those who suggested this was that it took place in the night, when the storeholder who practically had possession of the building under his control managed to make this transfer. I could not understand myself how it could have been done; but that is the idea.

513. It is stated here that it was done by the storekeeper's orders?—Yes; he would have authority to give orders to the people there to move the stores from one place to another.

514. When the stock-taking in one particular magazine has been completed, would it not be possible to have some kind of tape or some kind of seal put over the door so as to show that it had been tampered with, in case such a removal was to take place?—Yes, some method of that kind could be adopted; but I should like to point out that it is under the recent stock-taking that all this has come out. Such a thing, therefore, has occurred in one stock-taking, but in a subsequent stock-taking, in 1893, it was discovered.

515. That is why I asked whether it could occur under the present system?—If you have a man who wishes to conceal anything, I have no doubt a storeholder has it always in his power to conceal a good deal.

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Chairman.

516. You have a fairly good check upon the storeholder, have you not?—Only by taking stock in this way. As the Committee will see presently, a change is being adopted with regard to stock-taking generally, which I shall be glad to explain when we come to a further query in the Report.

Mr. *Hanbury.*

517. I see the existence of this surplus powder was known to the then storeholder even as far back as 1889. How do we get this information as to the storeholder having this knowledge in the year 1889; is the same storeholder there still?—No; the storeholder who had charge in 1889 is dead.

518. How is the Comptroller and Auditor General able to say he had this knowledge in 1889?—It appeared that the storeholder had this knowledge, and he was stated to have communicated it to other people; that is to say, upon the searching inquiries that were made when this was discovered, it was traced back as far as it could be; it was got out more or less by hearsay evidence that this man had made it known to someone that this surplus stock was in existence at that time; that is to say, a surplus above what was stated in the accounts.

519. Then there was more than one man connected with the stores who knew of the fact and did not give the War Office information?—If this man gave orders to have the things manipulated more persons than he must have been acquainted with the fact.

520. Is it a usual thing to move things by night in this way?—It is not a usual thing; it certainly has not come to the knowledge of the Department.

521. Several people must have been aware, must they not, of what was done?—If it was done it must be so.

522. And yet the War Office knew nothing about it till 1893?—Quite so.

Mr. *Arthur O'Connor.*

523. That means a fraudulent conspiracy, does it not?—I cannot say.

524. Are all the officers who were suspected still in the service, except the one that is dead?—The storeholder is a subordinate officer, more or less of the wage-earning class, and the men employed under him are labourers.

Mr. *Hanbury.*

525. Are they there now?—Some of them may be there now.

526. Has not the War Office gone to the bottom of the thing, and found out how it happened; we have got as far as this, as I understand: there was not only the storeholder, but there must have been several men connected with the stores who knew what had happened, and kept the information from the War Office,

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Surplus of Gunpowder at Purfleet—*continued.*

Mr. *Hanbury*—continued.

yet now that the War Office have got this information as to the fact of these stores being removed, they really are not able to give us any more information than you have given us now?—That is so.

Chairman.

527. Has any official inquiry been made?—Yes; as I explained, a searching examination was made into this matter, and these are all the facts that could be ascertained now with regard to this transaction, which occurred in 1889.

528. Was the examination made by a competent officer?—Yes, certainly.

Mr. *Hanbury.*

529. What is the account given by these men; you say some of these labourers are still employed there?—I say there may be; I am not aware personally whether there are any of them still there, but I should imagine there are.

530. That must have come out in the inquiry, at all events; are any of these men still employed?—I cannot say. This occurred in 1889, and we are now in 1895; I have no doubt there are some men employed now who were employed then. Of course the labourers employed might have acted in entire ignorance of what they were doing, though if the removal was done at night they might regard it as a suspicious circumstance.

531. This is apparently a conspiracy, and the War Office have not taken steps to find whether the men engaged about the stores were engaged in that conspiracy?—They have inquired and have ascertained the facts I have stated.

Mr. *Arthur O'Connor.*

532. How could you ascertain the facts without evidence from persons who knew of them?—The result of the inquiry was, that they were told that this man who was storeholder at this time knew that there was a surplus, and he had taken some steps at the time of the stock-taking to conceal the fact that there was that surplus.

533. If they obtained evidence that those steps were taken they must have had the evidence of those who knew of the steps?—I presume so.

534. And those persons must be still within reach; they must be still in the employment of the Department, I presume?—Yes, I suppose so.

535. Then it is known in the Department that certain persons were concerned with what were, at any rate, rather suspicious proceedings, in the year 1889?—Yes, that may be so.

536. That being the situation, the War Office does nothing with regard to these individuals?—It has not done anything.

Mr. *Alpheus Morton.*

537. Was no sort of inquiry held at all?—Yes: when it was ascertained that this surplus existed every inquiry was made to ascertain how it arose.

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Surplus of Gunpowder at Purfleet—*continued.*

Mr. *Alpheus Morton*—continued.

538. Was an inquiry held on the spot?—The officer on the spot inquired into it.

539. Was somebody sent from your Department to make an independent inquiry on the spot?—No, nothing of that kind took place.

540. Any other inquiry would not be of much use, would it?—Yes, it would. The officer in charge stationed there did all he could to ascertain the facts of the case, and endeavoured to trace how it arose.

541. That could not be called an independent inquiry, could it?—Yes; it is the way a local inquiry always does take place, namely, by means of the officer stationed on the spot.

542. Would it not be better to have an inquiry by somebody sent from your Department who did not know the parties?—The officer who inquired into it was an officer not responsible for anything that had taken place at that time. He was the officer who happened to be in charge.

543. Would it not be better to have some independent person sent from your office?—I cannot say. An inquiry under a constituted board of the Department sent down from head-quarters might, perhaps, have ascertained something more, but I think it is extremely doubtful.

544. Would not such an inquiry have the effect of letting them know down there that you have your eyes upon them?—They are fully aware of that fact. The officer who was in charge was directed to make every inquiry into the subject, and he did make every inquiry, and reported.

Mr. *Hanbury.*

545. What kind of report did he make; was it a written report?—Yes, a written report.

546. Giving the names of the men employed?—No.

547. What kind of report was it; was it that he had simply found out these facts, and nothing more?—Yes.

548. Has that report been before the Comptroller and Auditor General?—He has seen it.

Sir *John Hibbert.*

549. Was this particular storeholder alive when inquiry took place?—No.

Chairman.

550. Would there be any objection to giving the Committee that report?—I really do not know; I do not think there would, but I will inquire.

551. Will you inquire and let us know at the next meeting of the Committee?—Yes, I will.

Mr. *Alpheus Morton.*

552. That report would enable us to judge, I presume, as to the sort of inquiry that was held?—Yes, certainly.

Mr. *Buchanan.*

553. This fact, I understand, came out first at the stock-taking in March 1889, when this fact came

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Mr. *Buchanan*—continued.

came out, was there a special inquiry instituted, or is the inquiry that you allude to simply a stock-taking that has taken place, and a report on the stock-taking?—No; an inquiry was made to ascertain as far as possible how it was that this occurred.

Chairman.

554. I understand there was a special and separate report by the officer in charge?—Yes.

555. It seems to be the opinion of the Committee that that report should be produced; will you kindly hand it in at an early date?—Yes.

Royal Gun Factory (Repair Ledgers).

Chairman.

556. (To Mr. *Knox.*) In the second subsection of paragraph 5, in regard to certain guns that were sent in for repair and were kept for an excessively long time, the Comptroller and Anditor General remarks that "in view of the change of pattern to which stores of this class are especially liable, it is possible that instances might occur in which, through lapse of time, guns might become obsolete between the date of their issue for repair and their return to the Commissary General." He, therefore, called the further attention of the Secretary of State to this matter, and suggested the desirability of instituting a system whereby the Commissary General could exercise a stricter watch over the return of stores issued by him for repair. To this communication he has not yet received any reply, although he believes it is under the consideration of the War Office. Can you inform the Committee how this correspondence stands?—The matter has been looked into, and elaborate inquiries made as to the real state of affairs; but it appears there is some misunderstanding with regard to these stores. Though it is called a return of stores repairable, it really is not such a return in the sense in which the Comptroller and Auditor General has regarded it. It was found, in overhauling these matters within recent years, that there was no account kept of the stores which had been handed over to the Director General of the Ordnance Factories ostensibly for the purpose of being repaired, and instructions were given that such a store account should be kept of all the stores that were in the factories practically in the charge of the Director General. This account contains a complete statement of all these stores; but it appears that these guns and carriages come in from different stations, and are sent to the factories, because there is no other place for them to be sent to, not necessarily for the purpose of being repaired; and in many cases when the stores are sent, no instructions have been given that they should be repaired or an extract order (as we call it) given for the repair of them. Certain of these stores, no doubt, have remained for

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Royal Gun Factory (Repair Ledgers)—*continued.*

Chairman—continued.

a long time in this account without steps being taken in regard to them. The mistake is the assumption that all these stores were to be repaired. In many cases orders have been given that they should be broken up, as they were not fit to be repaired. In some cases orders were given for their repair, and then those orders were countermanded, or some alteration of pattern took place, and in that way many of them have been on the books for a long time. All the cases have been carefully inquired into, and it is ascertained that every case can be very satisfactorily explained.

557. May we understand that these guns which are sent and are ordered to be repaired are returned in due course, and that the Commissary General has the means of watching their return?—Yes, he has the complete means of watching this now.

558. So that guns really sent for repair would not be detained without notice being taken?—Not without good reason.

559. And not without notice being taken?—Quite so.

Sir *Arthur Hayter.*

560. Do you not consider that any gun carriage coming in ought to have a note with it to say what ought to be done with it?—It cannot be decided what should be done with it till it has been completely overhauled by the experts.

Mr. *Arthur O'Connor.*

561. I suppose a gun carriage, or something of that sort, might be sent in with the idea that it was repairable, and afterwards the authorities at Woolwich might find it really was not worth repairing?—Quite so; or it might be of such a pattern that it was not fit for re-issue.

562. Under those circumstances, should it not be written off in the repair ledgers?—Certainly it should.

563. It appears that for five years some of these things remained on the repair ledgers on an open account?—Yes; because it was not decided what was to be done with them.

564. Some of those things may have been reported as useless?—Not if they were waiting for decision as to what should be done with them.

565. Should those be entered on the repair ledgers when they come in?—Only one ledger has been opened for the purpose of recording all such stores.

566. Do all returned stores go into the repair ledgers, whether for repair or not?—All those which are sent to the factories.

567. Is that system still continued?—Yes.

568. There is the only ledger called "Repair Ledger," whether the articles are there for repair or not?—It cannot be decided when they go in whether they are for repair or not.

569. Should it not be decided, before the entry is made in the ledger, whether they are to be

ARMY APPROPRIATION ACCOUNT.

Royal Gun Factory (Repair Ledgers)—*continued.*

Mr. *Arthur O'Connor*—continued.

repaired or not?—They go to the factories really with the view of a decision being given by the factories in consultation with the artillery authorities as to what should be done with them.

Mr. *Hanbury.*

570. That is to say they are sent to the factories without any distinct order from those who sent them as to whether they should be repaired or not?—In many cases; not in all cases.

571. How long is it, as a rule, before you hear whether they are to be repaired or treated as obsolete?—It would vary very much with the whole condition of armaments at the time.

572. Surely with regard to those that are to be repaired you get the information at once, do you not?—These things are considered as soon as they can be; but they may be dependent upon a large number of great questions that are under consideration at the time.

573. Those large questions may cause them to be detained for five years?—Yes.

574. In the case of stores that want to be repaired, surely that is a very bad system?—If they wanted repair and there was any pressing demand for them, of course they would be taken up at once; but if matters of armament are under consideration it would be a mistake to repair or give orders for repair until those points are considered.

575. Then why send them to the factory?—Because that is the only place they can be sent to. They come to Woolwich with a view to the consideration of the point whether they shall be repaired or not, and to be repaired if they are to be repaired. The factory is necessarily the place they go to. What has been done is to secure that an account shall be kept of all these things, which was not the case formerly.

576. That account is called the "Repair Ledger," where they are all treated alike as if they were for repair?—Yes.

577. Do I understand that they can be kept for five years on that ledger without anything being done at the factory, and without those who sent them knowing anything more about them?—No; that is not so.

578. You got no information for five years in this case, did you?—I do not say no information was obtained, but no orders have been given with regard to these things that have been left so long.

579. There was nothing done at the factory for five years, and nothing done on the part of those who sent them, so far as I gather from you?—There was no pressing demand for anything being done. In many cases it was decided that they should be broken up.

580. But did those who sent them know what the decision was?—Certainly; the decision would be come to in consultation with them.

581. Such consultation would take place, then, soon after these things are sent?—Certainly.

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Royal Gun Factory (Repair Ledgers)—*continued.*

Mr. *Hanbury*—continued.

582. In that case, I do not understand the delay of five years?—If nothing was decided as to anything being done, and the matter was dependent on many questions under consideration, they could not give a decision at once.

Mr. *Arthur O'Connor.*

583. If a gun carriage is sent in from a battery for repair, is there a fresh issue of a new gun carriage made, or do they wait for the return of the article to be repaired?—It depends; a new carriage is sometimes issued, and sometimes they wait for the repair.

584. Do they wait five years?—No, not five years.

Sir *John Hibbert.*

585. The Comptroller and Auditor General says that no reply has been sent to his communication; I suppose it is intended to send a reply?—I believe a reply has been sent. (Sir *C. L. Ryan.*) I have received a reply since my Report was written, and perhaps, I might just read the last paragraph of the reply to the Committee. The letter says, with regard to the various cases to which attention has been drawn, "Thus, in none of these cases has there been any delay prejudicial to the interests of the service or which could have been lessened by any act on the part of the factory or the Commissary General in urging them to press on with the work. At the same time it is clear that the repair ledgers of the Gun Factory have not in the past been kept with sufficient care to ensure that they should correctly represent the facts, and instructions have been given which should prevent the recurrence of similar errors in future."

Chairman.

586. (To Mr. *Knox.*) Would it not be possible to have two ledgers, one a general ledger and the other a real repair ledger, upon which should be entered only those stores upon which a decision had been come to and which were ordered for repair?—If there was a general ledger you might have, of course, another ledger for cases where orders were given for repair, but I really do not see what purpose it would serve.

587. Why should you call a general ledger a repair ledger, when it is quite uncertain whether the things will be repaired?—It was found that there was no ledger in existence. As I have explained, it was thought that a proper account should be kept of all the things in the various factories, and it was assumed that all those articles that were in that condition were sent with a view to their being repaired; accordingly the ledger was called the ledger of repairable stores.

588. Then it would be inconvenient, you think, to have a separate repairs ledger?—I think so, certainly.

589. (To

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Army Appropriation Account.

Sale of Stores otherwise than by Public Auction or Tender.

Chairman.

589. (To Mr. *Knox.*) You will remember that this Committee, in their Report of 1889, considered that the sale of stores "should be under the sanction and control of strict regulations;" the Comptroller and Auditor General states that it appears that the Secretary of State holds that the Committee, in accepting the assurance of the Accountant General, given in his evidence in 1889, were satisfied as to the sufficiency of the existing regulations, but that this view was not shared by the Treasury, who inquired "whether any regulations have yet been made regarding such sales," and also proceeded to state that "they would be glad to see them in draft." Therefore the Comptroller and Auditor General addressed a letter to the Secretary of State and inquired whether their Lordships have been afforded an opportunity of expressing a further opinion on the subject. Can you answer that question?—We have informed the Treasury as to what course is adopted with regard to these matters; that inasmuch as a decision is given in regard to all these sales at headquarters, there is no regulation necessary to be promulgated. It is only a matter of office arrangement that none of these sales shall take place unless they have been concurred in by two authorities; namely, the Director of Contracts and the Financial Secretary or myself.

590. Does that amount to the sales being conducted under regulation?—When a proposal is made that a certain article shall be sold in a particular way to a particular person, because it is a convenient market, it is not sanctioned merely by the Stores Department that holds these stores.

591. The question is whether that sanction is given under certain regulations or not; or, if not, whether such regulations are to be made?—The decision is that no sale of that kind shall take place unless it is approved by the Financial Secretary or myself, with the concurrence of the Director of Contracts.

592. That is the only regulation you deem necessary?—That is all.

593. Is that the only regulation which you deem to be practicable?—Yes, the only regulation.

594. Does not the correspondence contemplate that there should be a separate regulation which should guide you or other officers in giving your sanction?—No.

595. (To Mr. *Ryder.*) You have heard my questions to Mr. Knox on this point, and you have heard his reply; could you give us the views of the Treasury upon this point?—I think the view of the Treasury was, that the general rule was to the effect that the sale should be conducted by public auction, and that there were no regulations governing exceptions to that general rule. The Public Accounts Committee of 1889

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Chairman—continued.

seemed to think there ought to be regulations governing those exceptions, and the Treasury took the same view, and asked the War Office whether any such regulations had been made, and if not, that they might be submitted to the Treasury in draft. I was not aware that any answer had ever been made by the War Office to that part of the Treasury Minute.

596. Then you think that it would be possible to frame regulations for that purpose?—I should have thought so.

597. I presume they would relate largely to sales being conducted by public auction?—The existing regulation is that all sales are to take place by auction; that is the general rule; but there are certain cases in which that rule does not apply.

598. Those are the cases mentioned by Mr. Knox?—Yes; and the Treasury idea was that regulations might be made for those exceptions, defining the exceptions, and saying what were the circumstances that would warrant an exception to the general rule.

599. (To Sir *C. L. Ryan.*) Have you anything you wish to say, after hearing what Mr. Knox and Mr. Ryder have said upon this point?—My duty is only to see that the regulations are observed if they exist. It remains for the Treasury to decide whether or not they are satisfied with the regulation or *quasi*-regulation which Mr. Knox has pointed out. It does not rest with me to express any opinion on that point.

600. (To Mr. *Knox.*) Perhaps you remember the evidence that was given by you before this Committee in 1889 on this point; you appear there to have said that "under the new constitution of the office that always should be done," and you said that the matter would receive your attention; but apparently that related to the special sanction of the Financial Secretary being given in every case?—Quite so. That is the only rule or regulation, so far as I can see, that can be laid down now. The general rule is, of course, that these stores shall be sold by auction. But sometimes an opportunity occurs for selling special stores not by auction, a fair bargain being made with regard to them; and it is only when such a case is brought up and proposed that anything of that kind is ever done. An offer, for instance, is made by some one who ascertains that we have certain stores in our possession. The Director of Artillery, who holds these stores, considers whether it is advisable to sell, and he sends forward the proposal with his recommendation.

601. Then you also said apparently, "The regulation is that the Store Department confers with another Department (the Director of Contracts), and such arrangements will be approved by the Financial Secretary; so that you get three perfectly independent and responsible persons agreeing as to the transaction," and you

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Chairman—continued.

go on to say, "I do not think you can possibly have a better regulation, and I do not think it should be more definitely laid down;" that is very much what you say now?—Yes.

602. (To Sir *C. L. Ryan.*) Are you, as Auditor General, content with this regulation as laid down by Mr. Knox?—I do not think it falls to me to offer an opinion upon that point. It is really a question for the Treasury. If the Treasury are satisfied that the regulation will sufficiently guard public interests in this matter, I should, as Auditor General, accept the decision of the Treasury; it only devolves upon me to see that it is carried out.

603. (To Mr. *Ryder.*) Is the Treasury satisfied to leave it in this way: that, as a rule the stores should be sold by public auction, but that in special cases they should be sold with the sanction of two Departments and the Financial Secretary?—I think the Treasury might very possibly be satisfied.

604. Is the Auditor General to understand that that is the regulation as sanctioned by the Treasury?—No; I do not think the Treasury has ever sanctioned any regulation. I do not think it has ever been submitted to the Treasury.

605. (To Mr. *Knox.*) May we understand that the Treasury have not been asked as to that; I see that the Comptroller and Auditor General says in his Report that he inquired "whether their Lordships have been afforded an opportunity of expressing a further opinion on this subject;" have you made that reference to the Treasury or not?—We have written and explained this matter to the Treasury.

606. (To Mr. *Ryder.*) Have you seen that letter?—That letter has not reached me personally, and the search that I understand has been made for it has proved fruitless. Apparently the letter has miscarried.

607. (To Mr. *Knox.*) When was the letter sent?—On the 9th of February this year.

608. (To Mr. *Ryder.*) You have not yet seen it?—I am not aware of having seen it; I will have a further search made for it.

609. (To Mr. *Knox.*) What is the effect of the letter?—It is practically what I have explained in my evidence to-day.

Mr. *Buchanan.*

610. As I understand from your statement, no regulation has been laid down by the War Department?—Except this, that such sales of stores shall not be made by the Director of Artillery, who holds these stores, without the sanction of the Financial Department.

611. Is that merely a voluntary departmental arrangement, or is there any regulation that binds him to do so; is he bound to consult the Financial authorities?—Yes; that is the decision of the Secretary of State.

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Mr. *Alpheus Morton.*

612. Would there be any objection, then, to forwarding that regulation in a formal shape to the Treasury for their approval?—It is a matter of office procedure; it is a matter that would not be decided or sanctioned by the Treasury in any case.

613. I ask the question because I rather gather that the letter you wrote to the Treasury that has miscarried was not a formal regulation, but a letter informing the Treasury of the procedure of your Department?—Quite so.

614. What record is kept of the consent which is given by yourself, or the Financial Secretary, to these special exceptions?—They are always recorded by minute on paper.

615. Are they submitted to the Comptroller and Auditor General?—He always sees them.

Mr. *Philip Stanhope.*

616. You can conceive no other means of controlling these sales except the one you suggest?—That is the only one.

617. You cannot conceive any other regulation that would be applicable in every case outside the ordinary case under public tender?—I cannot conceive of any other.

Mr. *Hanbury.*

618. What is the proportion of these cases of sale by tender to cases of sale by public auction?—These cases form a very small proportion indeed.

619. You have a large contract for disused clothing, for instance; you sell your clothing by tender, do you not?—Yes; almost all the old clothing is sold by tender. It is only occasionally something of this kind crops up where an offer is made for certain particular things which we are known to have, and the offer is considered as to whether it is a good one or not.

620. Take the case of clothing, for instance; why do you not sell that by auction?—Because it is usual to sell by tender.

621. You might have an offer for other things besides clothing which you could sell by auction?—Certainly.

622. What is the special reason for dealing in this way with disused clothing, which you sell three years in advance?—We issue tenders for that. A man makes a contract for a certain length of time, and takes anything that is available for sale during that time.

623. But I want to get at the principle upon which you go; why do you not sell this clothing by public auction?—Practically, selling by tender is a method of selling by auction, that is to say, it is put up to various persons to compete as to what price they will give.

624. (To Mr. *Ryder.*) Is that what the Treasury means by public auction?—I think the Treasury understand by public auction an advertisement

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Mr. *Hanbury*—continued.

tisement that will make all the persons connected with the trade know what is going to take place, and give them an opportunity of bidding.

625. In fact it is really an auction; everybody sees the advertisement, and could put in a bid, who wishes to buy these things?—Yes. It need not be an auction conducted by an auctioneer with a hammer; it may be conducted by public advertisement in the newspapers.

626. By open sale?—Certainly.

627. (To Mr. *Knox.*) What is the proportion of open sales to these limited tenders?—That I cannot say.

628. The proportion of limited tenders is very large, is it not?—No, not as regards sales. I think, certainly, the mass of the stores (exclusive of clothing) are sold by public auction.

Sir *John Hibbert.*

629. I suppose, as the War Office letter to the Treasury seems either to have been mislaid or to have miscarried, you could forward a copy of the letter to the Treasury?—Certainly.

Mr. G. D. A. Fleetwood Wilson, C.B., called in; and Examined.

SALE OF GOVERNMENT CLOTH BY A MASTER TAILOR AT CANTERBURY.

Chairman.

630. (To Mr. *Wilson.*) May I draw your attention to the penultimate section of paragraph 7 of the Report of the Comptroller and Auditor General. It appears that a fire occurred at the Canterbury Clothing Store in 1891, in consequence of which losses of stores were written off, and shortly afterwards it was discovered that the civilian master tailor had been disposing of a great quantity of stores to firms in the City; then it appeared that there was a large surplus of stock which could not be quite accounted for, and putting all these things together the conclusion is arrived at that stores had been saved from the fire, and had either been fraudulently secreted or carelessly overlooked?—Yes; that is the view taken by the Department.

631. In regard to that the Comptroller and Auditor General observes that, "in view of the opinion of the Treasury Solicitor, it was not deemed advisable under the circumstances to institute criminal proceedings against the civilian master tailor." Can you explain to the Committee why it was that no case for prosecution was attempted to be made out?—It was mainly owing to the fact that the defence of the master tailor was to this effect: that the cloth in his possession was savings; that, owing to his ingenious way of tracing the patterns and applying them to the cloth, he had saved a great deal of cloth. The regulations lay it down that such savings are to be returned to the Department.

Mr. *Arthur O'Connor.*

632. What regulation is it that you refer to?—That is one of the Clothing Regulations. This particular regulation ought to have been brought to the notice of this civilian master tailor by the Commandant at the Cavalry Depôt. I would point out that this man was the servant, so to speak, of the Commandant at the depôt; he was under his orders and working for him, and he said, "I never was told, and no regulation was pointed out to me saying that I had not the right to keep any savings I could effect in cutting the cloth."

633. But will you please observe what the Comptroller and Auditor General says, to the effect that the surplus was so large that it could not be accounted for by savings arising from skilful cutting alone?—Yes; and I confess I do not think it would be possible to effect these savings in that way.

634. You thought, on the whole, there was not sufficient evidence for instituting a criminal charge; that you could not bring it home before a jury?—That is so. Another line of defence which this man took, and which, no doubt, influenced the decision arrived at, was this: he said, "I have largely used cloth other than Government cloth." Serjeants and the soldiers sometimes like to have cloth with a nice shiny surface to it, which is inferior in wear, but which perhaps makes them look smarter, and which is more like an officer's cloth. One of his defences therefore was, that part of the surplus cloth was attributable to the fact that he had bought civilian cloth and made it up into Army garments, and paid for it, and therefore he considered he had a right to keep the Army cloth he did not use.

635. Did he account for the quantities of cloth he had sold to City firms?—No; I do not think he did more than take a general line of defence to the effect that the surplus cloth was partly savings and partly substituted.

636. Did you go into the question as to how he accounted for the quantity which he had sold to City firms?—We went into it as far as we were able to go into it; but the only thing we were face to face with was that we had discovered this surplus, and when he was asked to account for this surplus we were not in a position to know how much he had sold to City firms, or how much he had originally got: this was some years ago, of course.

637. Do you observe this sentence in the last section of the paragraph; this is the Comptroller and Auditor General's opinion: "It was evi-

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ARMY APPROPRIATION ACCOUNT.

Sale of Government Cloth by a Master Tailor, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

dently impossible to ascertain the full amount of the loss due to the illegal disposal of cloth;" the illegal disposal of the cloth is taken as proved?—There is no question about that, because we had evidence that the manager of the Army and Navy Stores had seen carriage rugs with the Government stamp on the cloth. That is really how it came out.

638. It was illegal?—Absolutely; there was no doubt it was illegal.

639. Was that done by this civilian master tailor?—It is presumable that that is where they got the cloth from; but, so far as I am able to judge of the legal case, his attitude was this: "I have given as much as I have received; I may have given other cloth instead of your particular cloth, and I have saved this cloth."

640. "Your particular cloth I may have given to the Army and Navy Stores;" was that what he said?—His main defence was that he had given the men other cloth, and also that he had saved the cuttings.

641. The Comptroller and Auditor General goes on to say "that the action of the War Office has resulted in the recovery of material to the value of about 600*l.*"?—Yes.

642. From whom was that recovery?—That was the surplus that was found there; the surplus stuff which this civilian master tailor had got in his hands, and which was impounded.

643. What has become of it; has it been credited to the stores?—It came back into the possession of the Government.

644. Did the master tailor affirm that that was his property?—I do not suppose he made very much fight when he came to the point. He was a civilian tailor in the employment of the Commandant, and he was dismissed.

645. You think he did not make much objection; he simply gave the cloth up?—So far as I know. This occurred some time ago, and I do not know exactly the full details of what took place at the inquiry at Canterbury; but the net result was that we seized hold of the surplus.

646. What did you do with the master tailor?—He was not in our employment, but simply employed by the Commandant.

647. What did the Commandant do?—He dismissed him from his work. I have got here (I do not know whether the Committee would like to have it) a very brief account of what the system was, and it is important as bearing upon the case, because it was the last place in which the old system obtained of regiments (supposing it were the unit) clothing themselves. They objected strongly to the new system being introduced, and it was allowed to remain as it was.

Mr. *Hanbury.*

648. That is to say, they objected to the Infantry system being applied to the Cavalry; the Cavalry made up their own clothing, did they not?—Yes. Originally all the Army did.

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Sale of Government Cloth by a Master Tailor, &c.—*continued.*

Chairman.

648*. All this occurred under the old system?—Yes.

649. Would it be impossible that this could happen under the new system?—Yes, because now they would get ready-made garments instead of getting the cloth. Formerly they asked for the cloth and made it up locally. Now the system is that they must send in their size rolls and get the actual garments they require for the men.

650. You laid all the papers and the facts elicited at the inquiry before the Treasury Solicitor?—I have every reason to believe that every single thing that could be laid before the Treasury Solicitor was laid before him.

651. You had his opinion that it was not advisable to prosecute?—That it was not advisable to prosecute, owing to the peculiar conditions of the service under which the man was working.

652. And the character of the system?—The system was radically bad.

653. You think, in view of all that the Solicitor of the Treasury thought, you had better not prosecute?—Yes. I think also it must be remembered that the Solicitor was influenced by the fact that there was no proof to show that this man had been made conversant with the rules under which he was working. There was no doubt that there had been laxity in that respect.

654. Was any blame considered to attach to the Commandant?—Yes; in point of fact he was reproved for lack of attention to that particular point.

655. Reproved by whom?—By the Adjutant General. Our Department came into it in no way at all. He was the Commandant of the depôt.

Sir *Arthur Hayter.*

656. The fact of the fire would prevent the full extent of the loss by the sale to City firms being known?—Yes; we had no data to go upon.

657. Do you know how much was burnt and how much sold?—No, we could only take the report of what was burnt.

658. That system of allowing the soldiers and non-commissioned officers to choose their own cloth is at an end, is it not; they have the made-up article now?—Yes, excepting a few abnormal cases where, for instance, the man is very tall and stout as well; then one garment or two garments are made up regimentally with our cloth, but on the request of the commanding officer. Sometimes it is impossible to fit a man with a set size. Except in those abnormal cases they get nothing but the made-up garments.

Mr. *Buchanan.*

659. You consider, I understand, that this error that arose was due to the old system that is now at an end?—I think the old system admitted of its being possible. I have every hope that the new

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Mr. *Buchanan*—continued.

new system renders it impossible; but I am inclined to think there was distinct fraud as well. I do not think it was only a confusion of accounts.

660. Would you read us the short statement which gives an account of how this arose?—Up to the year 1887 all the cavalry regiments, including the Cavalry Depôt, received materials for the men's clothing, and these materials were made up at the regiments by civilian master tailors appointed by and under the superintendence of the commanding officers (it had nothing to do with Pimlico at all). In 1887 it was decided to appoint serjeant master tailors to the seven cavalry regiments belonging to the First Army Corps, and to supply the men of the regiments with made-up clothing. The first issue of made-up clothing for cavalry regiments was for the year commencing 1st April 1888. It was afterwards decided (in 1889) to extend this system to all cavalry regiments, and it was carried into effect with the clothing for issue on the 1st April 1892, the bulk of which was supplied made up for all cavalry regiments, with the exception of the three regiments of the Household Cavalry and Depôt. That is how this came to happen at the Cavalry Depôt. Even at that time it could not have happened to a line regiment of cavalry. With regard to the latter, it had been arranged that the civilian master tailor should be replaced by a military master tailor so soon as the clothing due on 1st April 1893 had been made up and fitted to the men, and that in future made-up clothing would be supplied. The three regiments of Household Cavalry are still supplied with materials for the men's clothing, which is made at the regiments, under the superintendence of the commanding officers, but all other cavalry regiments now receive made-up clothing instead of cloth to be made up into clothing.

661. These particular frauds with regard to the cloth could not recur under the present system?—The stuff would not be there to take. Of course they have a little for repairs; but you could never run up a stock to such an amount and have a fraud of this character. I do not think even then it could have occurred without the fire; suspicious circumstances attended the fire.

662. That points rather to a want of proper review of the stock, surely?—The place was under purely military discipline and military control, and therefore I cannot express any opinion as to whether it was satisfactory or unsatisfactory. It was just as if it was inside the barrack square, so far as the stores are concerned.

663. Who is responsible for seeing that the cloth is there?—The quartermaster in charge, and practically the Commandant of the Cavalry Depôt; he was answerable for everything, like the colonel of a regiment.

664. Was there an inquiry made as to why the quartermaster had not detected this?—Yes, there was an inquiry made; but it was a military inquiry that went into the question of discipline and control.

665. What was the result of the inquiry?—The Commandant, I think, retired, but his time was up practically; and the quartermaster, I think, retired also. I think he was made to go.

666. Then there was an inquiry which resulted in showing that there was laxity?—I would rather not, if you will forgive me, express any opinion as regards the inquiry; because it was a purely military inquiry. It was before my time, and I should only be speaking from recollection, and I might be wrong.

667. We might get the result of the inquiry from Mr. Knox or somebody else, I presume?—It is on record. The whole matter was thoroughly threshed out, and it was all sent on to the Treasury Solicitor, and if it had not been satisfactory, no doubt, he would have raised the point.

668. What we want to see is whether it resulted in recommendations which would prevent anything of the sort recurring again?—The same thing cannot recur again, because the stuff will not be there.

669. Because you have changed the system?—Yes.

670. The old system still exists, I understand, in some of the regiments?—Yes, in the Household Cavalry.

671. It still might occur there?—They are in London, and we have a pretty close control over them, and, in point of fact, I do not think there would be much risk in their case.

Mr. *Philip Stanhope.*

672. For what reason is the Household Cavalry exempted?—I think that there might be, perhaps, two opinions on that subject. The Household Cavalry would probably say that the Army Clothing Department could not dress them as well as they can dress themselves. Of course, they are exceptional troops.

673. But still it is a strong thing, is it not, that three particular regiments are to be exempted from a general rule applicable to the Army?—Some of their garments they would still, under any conditions, have to get made themselves. I do not think I have got men who could turn out the high jack boots and leather breeches that they wear. That is almost West-end tailoring and booting.

674. With regard to the ordinary cutting of cloth uniforms, which is the matter principally under examination now, surely there can be no real ground for exempting them?—I could undertake to do it; but I would prefer the present system to go on, because I think they would be difficult to please.

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Mr. *Arthur O'Connor.*

675. So far as I can see, there is only one fact clearly established, and that is, that you found at Canterbury 600*l.* worth of cloth that you did not expect to find?—That is so, practically; the net outcome of it was that we found that surplus and we took it.

676. That is the one fact that is plain, that there was 600*l.* worth of cloth more than you expected to find. That in itself is not theft?—No; the illegal proceeding came in when we found the master tailor was selling cloth to the outside public.

677. How did you find he was selling that cloth?—It was reported to us and detectives were set to work who traced it.

678. Were they City policemen?—Yes. It is a case you may remember there was some question about.

679. Is there any particular reason why the business should not have been pursued to the end?—I know of no reason. It is a good way back in point of date. I am speaking of a time when I was not in touch with it.

680. I suppose, if there had been a public inquiry reported in the newspapers, the whole thing might not have reflected very well upon the administration of the Army?—I do not know that you can exactly say that. Of course you may have laxity in a particular Department or a particular unit; but I do not know that that necessarily reflects upon the conduct of all the Departments or of all the units.

681. At all events, where you are not quite certain of securing a conviction, it is good, from a departmental point of view, not to have any public scandal?—I think it might be, if there were no Public Accounts Committee; but I do not think it ever answers to try to conceal anything.

682. Will you tell us, as the Public Accounts Committee, why the remnants, or the surplus materials, were not delivered to the quartermaster or other accounting officer who has to bring them on charge, in the same manner as other receipts; am reading from the Clothing Regulations, which say that; "All surplus materials will be delivered to the quartermaster or other accounting officer, who will bring them on charge in the same manner as other receipts"?—That is precisely the point on which the man got off. He said that regulation had never been brought to his notice, and he pleaded that he was ignorant of that regulation and therefore had the right to keep what he could make.

683. I find this regulation: "Master tailors, whether enlisted or not" (so that they may be civilians), "appropriating to their own personal use any materials saved in the cutting of garments, or disposing of the same otherwise than by delivery to the quartermaster, will render themselves liable to be tried by court martial or by the civil power." The regulation is not limited to enlisted tailors?—May I ask what regulation you are reading?

684. These are the Queen's Regulations?—That is the military side of it.

685. But it extends to men who are not enlisted, and includes civilian master tailors?—I take it that is precisely what took place here. The authorities found themselves, I presume, in the position that they could not try the man by court martial, and they referred the matter to the Treasury Solicitor with a view to prosecuting the man in a civil court if the evidence were sufficient to justify them in doing so.

686. As I gather from you the legal authorities at the Treasury despaired of conviction, on the ground that the man had a plausible defence on this line, namely, that if he had sold army cloth he had replaced it by private cloth?—I should say that was one of the principal reasons which induced the Treasury Solicitor to come to his decision; but I am not in a position to speak as to that.

687. And that the use of this private cloth left him a surplus of army cloth?—That is so.

688. Then why did you not give him the 600*l.* worth of cloth as being his, because you admit you cannot prove theft; if you admit his plea, you had no business to take the 600*l.* worth of cloth?—I do not know how that would be. I could give no answer to that.

689. At any rate the Treasury, I suppose, with the concurrence of the War Office, thought it better not to have any public proceedings with regard to it?—Yes; the general consensus of opinion was that we could do nothing. (Mr. *Knox.*) I do not think there is any question of concurrence on the part of the War Office here. When we refer a matter for legal advice we abide by the legal advice.

690. Was the War Office desirous to have a prosecution in this case?—Certainly.

691. They asked for it?—Certainly.

692. And the Treasury refused?—The Treasury said that there was no case on which we could get a conviction. (Mr. *Wilson.*) I think the action of the War Office was as complete as it well could be, because we really acted with considerable promptitude in putting on detectives at once in the hope of finding out more.

Mr. *Hanbury.*

693. Do you know how much cloth this master tailor sold?—No.

694. If he said that 600*l.* worth of cloth had been bought out of his own pocket to replace it, it shows he had used 600*l.* worth?—His explanation was twofold; he said part of it was waste on cutting, and part of it was cloth he had purchased and used in lieu of what we found.

695. But as a matter of fact you do not know exactly how much he did sell?—No, I do not know in the least.

696. That

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Mr. *Arthur O'Connor*—continued.

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Mr. *Hanbury*—continued.

696. That was not gone into?—I do not see that the authorities had any data enabling them to go into that. I notice that the then Director of Clothing, the moment this case came to his notice, at once telegraphed to Scotland Yard, and obtained the service of a detective inspector within the shortest possible period, and placed him in possession of the facts, and sent him off at once to see what he could make of it; so that every effort was made.

697. Was there any proof produced of his actually having bought anything?—I am afraid I cannot give you the details of the investigation to that extent; it happened before my time, in 1893.

698. With regard to the three regiments of Household Cavalry, which are still clothed on the old system, I understand the reason why the old system has been retained with regard to them is that under it they get a better fit; is that so, or would you tell us exactly what the reason is, because it is a curious distinction to draw?—The decision was arrived at at the date I have mentioned, which was long before I went to the Department. It was probably the outcome of *pourparlers* and discussion, and I do not know that there is any record on paper as to what the reasons were.

699. You do not know now what the reason was that the system was continued with the Household Cavalry, though discontinued in all other cases?—Broadly speaking I should say it was owing to the fact that a good deal of their clothing could not be easily obtained from Pimlico, such things as their boots, and what I may call their state clothing.

700. I mean their ordinary cloth clothing?—As regards that, the only explanation that can be given is that all these changes have been gradual, and we have not yet altered the system that obtains in regard to the Household Cavalry. It took a long time to get it altered in the line.

701. Is there any intention of altering it in the Household Cavalry?—Not that I am aware of.

702. You have had protests from the men against the new system?—I have had protests in the case of knee boots and Wellingtons, which I have tried to make them take out of store.

703. Was there a similar protest on the part of other cavalry regiments?—Yes, they always prefer their own make.

704. The main reason you have given for the change is the avoidance of fraud, is it not?—No, I have not given that as the main reason. I say I think the present system will preclude the possibility of loss of cloth by fraud.

705. That is to say there will be no possibility, directly or indirectly, of made-up clothing being disposed of in the way in which the uncut cloth was before?—Quite so.

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Sale of Government Cloth by a Master Tailor, &c.—*continued.*

Mr. *Hanbury*—continued.

706. Do you feel quite sure of that; have you had no cases in infantry regiments of not being able to account for a whole quantity of made-up clothing?—Yes; we have two cases alluded to in the present Report of the Comptroller and Auditor General.

707. I have not seen those two cases, but are those two cases exceptional; may I not put it that it is by no means an unusual occurrence?—One of the advantages of the new system, dealing with the question of cloth only, is that the fraud, as regards cloth, could not occur in future.

708. But I am talking of losses to the public purse?—I was answering with regard to this particular loss at Canterbury.

709. Do you think that the public purse would be any more protected by the issuing of clothing made up than it was under the old system?—Yes; I think it is certainly easier to keep a proper control over made-up garments than it is over material; I have no doubt about that.

710. Can you explain why?—First of all, when you come to keeping large quantities of cloth, it is extremely difficult to check when it is at the regiment how much is being actually used at the moment in the workshops, and so forth. You must take a bale, and it is a large business to turn it out; whereas with your garments you have a concrete article, which ought to be accounted for with the greatest possible ease if proper supervision is exercised at the unit.

711. Assuming you have proper supervision with regard to cloth, the same security ought to be afforded, ought it not; it is a case of proper supervision in both cases, is it not?—It is; but I think the one is easier to check and to control than the other.

Sir *John Hibbert.*

712. Is it not the fact that the new system is more economical than the old system?—Mr. Knox would perhaps be able to answer that question. I do not think there would be much economy; but you get the great advantage of uniformity afterwards.

713. Is there much alteration under the new system?—There is a little fitting.

714. Is cloth provided for enlarging a suit?—Yes; they have the right to draw a reasonable amount of cloth for repairs and alterations, and for very special-sized men.

715. That might give a chance of fraud to a certain extent, might it not?—Everything is open to fraud, no doubt.

716. With regard to the 600*l.* worth of cloth that was seized, did the master tailor take any action on the seizure of that cloth?—Not that I am aware of.

717. He did not threaten any civil proceeding, did he?—No.

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Regimental Clothing.—Loss by Fraud.

Chairman.

718. (To Mr. *Wilson.*) It appears in paragraph 8 of the Report that there were certain losses by fraud, and that the quartermaster in charge of the stores was convicted by court martial and cashiered. The Treasury appeared to have considered that further action was called for in regard to enforcing the pecuniary liability which the regulations imposed on the commanding officer, and it further appears from the correspondence that the Treasury do not feel justified in sanctioning the writing off of the loss until the Public Accounts Committee have had an opportunity of expressing their opinion upon this matter; what have you to say in regard to that?—I do not know that I can say very much beyond this, that the money responsibility has not been attached to anyone in particular. The quartermaster who carried out this fraud was a man of exceptional ability, and everybody believed him to be an exceptionally good man. He was cashiered, and the only course, apparently, was to write off the loss.

719. The point is that the clothing regulations impose a pecuniary liability upon the commanding officer?—That is so.

720. Is that liability a reality, or is it not; and if it is a reality why was it not enforced, in part at least, in this case?—That opens up the question of the responsibility of a commanding officer, within his command, so to speak. And, with every wish to afford all the information in my power to the Committee, I do not know how far I am able to give an authoritative opinion upon the exact amount of the responsibility which attaches to a commanding officer in relation to what his quartermaster does.

721. (To Mr. *Knox.*) Is not this rather a question for the War Office to answer. It was for them to enforce the liability imposed by the regulations, was it not?—It is a general question of the liability of commanding officers certainly, and it was held here that there was not that liability or responsibilty attaching to the commanding officer which would warrant this claim being established against him.

722. But you acknowledge that the liability is imposed by the regulations?—Our regulations may say that there is a pecuniary responsibility upon the officer, but every soldier in the Army is protected by the Army Act, and he can only be brought to account according to the method, and under the conditions of the Army Act. Unless he can be convicted of some offence which is defined by the Army Act, he is not responsible, however much the regulations may hold him pecuniarily responsible.

723. (To Mr. *Ryder.*) Can you assist the Committee by explaining to us what the Treasury think upon this matter; is it acknowledged that this pecuniary liability exists?—The Treasury found, on reference to the Queen's Regulations and the Clothing Regulations, that a certain responsibility rested upon the commanding officer, and they held that that responsibility ought to be a real one. They gathered from the first letter from the War Department that the Secretary of State acknowledged the existence of this responsibility, but was persuaded by his military advisers that it was useless to try and enforce it. He seems to have held that the only mode of procedure was by court martial, and that there was not a chance of getting a condemnation from the court martial, and therefore the Secretary of State determined to do nothing, and asked the Treasury to write off the loss. The Treasury was not satisfied with that. They felt that either the responsibility ought to be withdrawn altogether, or that it ought to be made a reality.

724. You have heard what Mr. Knox has said, to the effect that this responsibility cannot be enforced except under the provisions of the Army Act; do you admit that view?—In one of their letters the Treasury points out that the "public claim," which must be established before an officer's pay can be stopped, in order to meet it, must be established "after due inquiry and the order of a duly constituted tribunal." No mention is made of a court martial. The Treasury was, therefore, inclined to doubt whether the War Department were correct in thinking that nothing less than a court martial could establish a claim against the commanding officer. But, quite apart from that, quite apart from the question whether the money could be recovered from the commanding officer or not, I think the Treasury felt that a formal careful inquiry ought to be held upon the conduct of the commanding officer, and that a report should be made pointing out how far he was to be blamed or not. It would be a further question as to whether you could, or ought to, recover any part of the money from him. The Secretary of State seems rather to have been frightened by his military advisers (in the sense that he was deterred from an inquiry by their description of difficulties in the way).

725. (To Mr. *Knox.*) Has any formal inquiry been made into the conduct of the commanding officer such as that indicated by Mr. Ryder?—Complete inquiry was made into the whole of the occurrences and the facts. Of course the preliminary inquiry affected anyone who is at all implicated in the matter.

726. Was the commanding officer put specially on his defence to show that he had taken every possible precaution in his power?—There was no special charge made against the commanding officer which he defended himself against.

727. Was he called upon to show that he had taken all reasonable precautions?—He gave explanations as to what had happened, and those explanations, coupled with the facts that were brought to light, removed the need for any further inquiry.

728. (To Mr. *Ryder.*) Have you asked the Treasury Solicitor in this case as to how such a pecuniary

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Regimental Clothing.—Loss by Fraud—*continued.*

Chairman—continued.

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Regimental Clothing.—Loss by Fraud—*continued.*

Chairman—continued.

pecuniary liability could be enforced?—I do not think the Treasury Solicitor was consulted in the matter. What the Treasury wanted was that the War Office should show some determination to make the responsibility of the commanding officer a reality, and to put the commanding officer upon his defence. So far as they could see, the explanations demanded from the commanding officer had reference only to the prosecution of the quartermaster.

729. (To Mr. *Knox.*) Was the commanding officer called upon to show cause why the pecuniary liability contemplated in the regulations should not be enforced in his case?—No, I think not.

730. (To Mr. *Ryder.*) That is what you wanted, is it not?—That is what the Treasury wanted.

731. (To Mr. *Knox.*) I understand you to say that was not done?—That was not done. It was held by the military authorities that no case could be made as against him. The view they took was that what was at fault was the system; and I believe they were entirely right in that view.

732. That system has been altered, has it not?—It has been altered. The Adjutant General protested over and over again against the system as regards the accounts for clothing, that it did not admit of the responsibility being brought home definitely to the commanding officer, and did not admit of the commanding officer's exercising a proper check over a quartermaster who was his servant.

733. What do you say to Mr. Ryder's dictum, to the effect that if this pecuniary liability cannot be enforced, practically it should be withdrawn from the regulations as not being a reality?—I do not think it should be. If it can be proved that the officer had neglected his duty, or shown any neglect, he is liable to be tried by court martial; but it was held in this case by the military authorities that so far from any neglect being shown on the part of the officer, he had done his best under the system, which was a system under which he could not compare the state of the account with the actual stock at any time.

734. (To Sir *C. L. Ryan.*) Have you any remark to make upon what has been said by Mr. Ryder and Mr. Knox upon this point?—No; I do not think it comes within my province to decide a question of this sort, which is, how far a liability upon a military authority is to be enforced by a pecuniary fine. On the face of it, I should have thought that the Treasury view, that there should be an inquiry when there is a *primâ facie* charge, was the right one. Further than that I cannot go.

Sir *Arthur Hayter.*

735. (To Mr. *Knox.*) May I draw your attention to this passage in Mr. Woodall's letter

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Sir *Arthur Hayter*—continued.

printed in the Appendix: "Notwithstanding the exercise of all ordinary precautions on the part of a commanding officer, the hitherto complicated nature of the clothing accounts has rendered it exceedingly difficult to detect such discrepancies when the quartermaster was deliberately engaged in falsifying figures"?—That is what I alluded to just now.

736. You hold to that?—I do.

737. Was it not the *lâches* of these boards of survey which caused the quartermaster to be enabled to carry on this system of deception?—I do not think so. The boards of survey were taken; but that is simply a record of what the stock stands at. Whether all the boards of survey that are required by the regulations were taken or not, I do not know; I think it was not so in some cases. But boards of survey were held, and I believe there is no reason to think that they were taken otherwise than quite correctly; but the difficulty was, that under the system the account with which the quantity taken by the board of survey had to be compared was unsatisfactory. That is being all set right under the new system that has been established recently, and I hope we shall have a much more satisfactory system of account.

738. If the commanding officer ordered the boards to assemble, he put in play all the control that he had?—Quite so.

739. If the commanding officer, or any officer, is mulcted in his pay, he has the right to appeal to a court martial, has he not?—He has.

740. And the military authorities were quite aware that he would appeal?—Quite so.

741. With regard to the control for which they are fined, do you remember the case of General Marsland, who was fined by your Department for losing stores in the campaign of 1882?—I do.

742. Therefore the fine that is imposed is a real check over the men?—What happens is really this: supposing anything of that kind occurs, an inquiry is made, it is considered by the military authorities as a matter of discipline, and if they think the officer is to blame, they generally propose that they shall call upon him to make some payment to make good the deficiency; it may not be the whole amount of the loss, but it is held that he shall suffer in some way if they think he has to some extent neglected his duty; but he can appeal to a court martial. He could not be compelled to make that payment; that is to say, he has the alternative of appealing to a court martial.

743. That is a real check?—Yes.

Mr. *Buchanan.*

744. With regard to the answer you gave just now to Sir Arthur Hayter, surely it is not correct to state that the commanding officer had conformed to all the regulations that were binding upon him; because it is stated to the contrary in

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Mr. *Buchanan*—continued.

the correspondence, as I understand?—There were certain boards of survey, I believe, that were not held; but other boards were held.

745. You will see in Mr. Woodall's letter he says, "boards of survey had, with only one or two exceptions, been duly carried out." There were one or two exceptions, therefore, to his carrying out the requirements of the regulations in that respect; that was one of the *lâches* he committed?—He admitted that a certain board of survey was not held; I think it was one of the 31st of March of, I forget which year.

746. If he did not conform with the Clothing Regulations, and there was also upon him this pecuniary liability, surely those were two very strong reasons for holding some inquiry as to the matter, as suggested by the Treasury. This inquiry was suggested by the Treasury in their first letter of the 17th of March, was it not?—A general inquiry was held, all the facts were brought out, and it was upon the facts being brought out that the military authorities came deliberately to the opinion that, under the circumstances, it was not a case in which they could bring home a pecuniary liability to the officer.

Mr. *Philip Stanhope.*

747. You observed in the last letter of the Treasury, dated 31st of May 1894, when the results of your inquiries were known to them, they still adhere to their view that "the commanding officer did not exercise due diligence, or see that the regulations were carried out fully and strictly." Having regard to that authoritative statement reaching the War Office from the Treasury, did the military authorities at the War Office still maintain their view that no special inquiry was necessary into the conduct of the commanding officer?—They held that an inquiry had been already made, and that they knew all the facts of the case, and having ascertained the facts of the case they did not think the commanding officer could be held pecuniarily responsible for these losses.

748. But the inquiry, you admitted, was one of a general character dealing with all the facts of the case, not specially directed to the conduct and duty of the commanding officer himself?—Yes.

749. It was not an inquiry for the purpose of considering whether the same pecuniary liability could be attached to that commanding officer. That is the point we are considering: whether or not this Committee is able, having regard to the conflicting view of the two Departments, to relieve entirely this commanding officer from the liability that one Department, at all events, thinks he ought to incur?—Certainly. The officer was not put upon his trial, but the military authorities held they were duly acquainted with all the facts of the case, and they deliberately came to the opinion that they could not hold the officer pecuniarily liable.

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Regimental Clothing.—Loss by Fraud—*continued.*

Mr. *Philip Stanhope*—continued.

750. You, therefore, are now prepared to state, I understand, so far as your information goes, on the part of the War Office, that the War Office are still of opinion that no special inquiry into the circumstances of the conduct of the commanding officer would result in any kind of pecuniary responsibility attaching to that officer?—That is the view that is held.

Mr. *Arthur O'Connor.*

751. (To Mr. *Ryder.*) With regard to the Treasury letter of the 31st of May 1894, in which they say "the severe punishment of a fraudulent subordinate is a poor excuse for indulgence to the superior officer;" do the Treasury still adhere to that view?—Yes.

752. Whoever that superior officer may be?—I think so.

753. Even if he happen to be the Director of Clothing?—I think we meant that statement to apply to all superior officers.

754. Let us see: what do the regulations say; they say that there shall be a board of survey every 31st of March, do they not?—No doubt that is so; I have not got them before me.

755. That the report of that board is to go to the Director of Clothing; it is the duty of the Director of Clothing to see that he gets that report, and to see the survey proves that the stock on hand corresponds with the balance as shown in the accounts?—I will take it from the honourable Member that it is so; I have not the regulations before me.

756. Perhaps you have the paragraphs of the regulations which the Treasury letter quotes?—I see Clause 17 of the Clothing Regulations is in the terms the honourable Member referred to.

757. I believe on every change of command, or commission of quartermaster's rank, or upon every 31st of March, there has to be some kind of survey with a report made?—Yes.

758. Those reports have to go to the Director of Clothing?—Yes.

759. The Director of Clothing learns from them, or ought to learn from them, the condition of the stock in the hands of the accounting officer?—Yes.

760. If, then, those reports are not sent in, do the Treasury consider that the Director of Clothing is discharged from responsibility?—No; no doubt he has a certain responsibility.

761. Is that theoretical or merely illusory?—I think it is a real responsibility.

762. Then why did you not ask that an inquiry should be held into the administration of the Director of Clothing?—The conduct of the Director of Clothing has not been brought before the Treasury.

763. Surely it has by the very paragraph of the regulations which the Treasury itself quotes; they cannot say that they are not faced with the knowledge?—That may be a further question, but

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Mr. *Arthur O'Connor*—continued.

but the immediate question before the Treasury was writing off this loss for which the commanding officer was responsible.

764. Now that the Treasury has by the question I have put had the possible responsibility of the Director of Clothing suggested to them, would it carry out its own principle, and not being satisfied with the punishment of the unfortunate quarter-master (who well deserved what he got, no doubt), have an inquiry made into the administration of the Clothing Department as well as into the conduct of the particular commanding officer?—The Treasury has failed as yet in getting an inquiry into the conduct of the commanding officer, and therefore it is scarcely encouraged to demand the holding of an inquiry into the conduct of other officers.

765. But in that case there is a technical difficulty with regard to the question of the court martial, which would not obtain with regard to the general administration of the Clothing Department?—As to the technical objection, the Treasury would have been satisfied with an inquiry by a board appointed by the Secretary of State. They saw no reason why that should not have been done, quite apart from the question of the court martial.

766. Did the Treasury have before them the proceedings of the court martial on Lieutenant Thorpe?—Not the details of the proceedings.

767. Are they not aware of what came out of the proceedings of the court martial?—Only in a general way.

768. They did know generally what came out with regard to the Clothing Department administration?—I think they were aware that there were a good many defects of system.

769. Then the colonel may have something to say for himself when he says that it is the fault of the system and not of himself?—I do not think the system was an excuse for not seeing that the boards of survey were held at proper times.

770. (To Mr. *Knox.*) But, surely, that is as much the duty, is it not, of the Director of Clothing, as the recipient of the report of these boards, as it is of the commanding officer, who is not and cannot be a member of these boards?—I think it is an assumption on the part of the honourable Member that the reports of these boards were not called for when they were found to be omitted. The Director of Clothing always calls for such reports when they are not attached to the account. This board of survey is the voucher to the account. When an account comes to the Director of Clothing for examination, he has to see that the report of the board of survey is with it. The regiment failed to forward the boards of survey with these accounts; they were called upon to render them; they did not render them quickly or properly, and they were constantly reminded of the omission. I do not

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Regimental Clothing.—Loss by Fraud—*continued.*

Mr. *Arthur O'Connor*—continued.

think upon that point the conduct of the Director of Clothing could be called in question at all.

771. (To Mr. *Wilson.*) Can you say what the dates were of those reports?—I think it is only fair to my predecessor that I should ask permission to state that the accounts, which were always in arrear from this unit, were repeatedly and constantly pressed for by the Clothing Department. I am speaking from the records I have in my hand, and from what was found in going over this case subsequently. I think it is only fair to Mr. Ramsay to say that that was done. A certain amount of slackness, I think, is admitted at the Clothing Department, and I think it has taken this form. When they found that repeated applications for these accounts produced no results, I think it is a pity they did not take more energetic steps to press the military authority at head-quarters to bring military discipline to bear upon the question.

772. As a matter of fact, these reports were not made at the time?—They were constantly in arrear.

773. Not being made when they ought to have been made, has not the Clothing Department taken effectual steps to have the mischief remedied?—I should like, with your permission, to say that the Clothing Department, in point of actual fact, only protest if things are late, and they report it, I take it. It would have been, undoubtedly, very much better if the Clothing Department had not been satisfied with merely repeatedly pressing for these accounts.

774. Did the Clothing Department in the end send down an inspector?—Very soon after the change took place the inspector was sent down.

775. Directly the inspector went down he discovered that something was wrong?—Yes.

776. He would have discovered that if he had gone down earlier?—Yes, but there was no system of local inspection previous to the new system being introduced. The old system was to check the stock in the hands of the regiment by means of returns. If those returns were in arrear, obviously one could not check up to date the condition of the stock, and that is why I urged upon the Secretary of State and the Treasury the necessity of having a check which would enable us to have a real check irrespective of the paper check; and it has worked with very great success up to the present. It has brought surpluses to account, and it has been most cordially received by commanding officers. That, coupled with the fact that the Clothing Regulations have been reduced to about one-fourth of their former bulk, and have been very much simplified, enables the commanding officer to deal more effectually or quickly with the accounts.

777. Could you tell us shortly what the defect in the Clothing Department system was, and what is the remedy which has been introduced?—It is

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Regimental Clothing.—Loss by Fraud—*—continued.*

Mr. *Arthur O'Connor*—continued.

difficult to describe the whole change of system briefly, but I should be inclined to say that in the new regulations we have endeavoured rather to lay down broad principles for the guidance of officers, than to meet every individual possible case that might arise over a single garment, giving, in fact, rather rules than exceptions. The next thing is this (of course, I do not want to take credit to myself where it is not due); it would have been impossible to carry out a great deal of these simplifications, but for the change that was introduced at the same time of allowing the soldiers to keep their old clothing. The old regulations were burdened by the fact that you had to keep a record of every garment, down to a boot-lace, whether it was part worn or whether it had served its proper time, or the opposite. All that has been swept away; and we now only deal with the broad regulations under which the men are to have so much clothing in the year; and the books have been very much simplified. But no system, whether it is complicated or simple, will stand absolute neglect, and if books are not kept, whether they are complicated or simple, the result is likely to be unfortunate, and I am not prepared to subscribe to the principle which is sometimes laid down that because regulations are complicated they are to be ignored. A clothing warrant is a warrant; it is not a departmental regulation; it is a book that is signed by Her Majesty and countersigned by the Secretary of State for War, who is the Minister responsible to the House of Commons, and if that book, whether it be complicated or simple, is neglected, under any system, good, bad or indifferent, you will have these cases of loss. I feel bound to say that in fairness to my predecessor, because he is not here to defend what took place in his time, and he ought not to bear the full burden in any sense of this Royal Irish Rifles loss, and I thought the tendency of the evidence was a little bit inclined that way.

778. At any rate, the clothing regulations have been materially modified and improved, have they not, since this occurred?—Very much so.

779. (To Mr. *Ryder.*) I see on page 163, in the sixth paragraph of the letter of the Treasury of the 31st of May, it says, "The quartermaster then prepared false returns of stock and induced the commanding officer 'unwillingly' to sign them." I suppose that must mean "unwittingly"?—It is a misprint for "unwittingly."

Mr. *Hanbury.*

780. (To Mr. *Wilson.*) During how long did this system of fraud go on?—So far as I am able to gather from reading the papers, about 1893 was the time apparently when it was first realised that things were wrong. The system of laxity had been going on for nine or ten years.

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Regimental Clothing.—Loss by Fraud—*continued.*

Mr. *Hanbury*—continued.

781. Was the same man quartermaster all that time?—Yes; the quartermaster was reputed to be the best quartermaster in the British Army, and no doubt that did let in his commanding officer a little. He was a man who was spoken of publicly as a very exceptional quartermaster, and he was no doubt a man of great ability.

782. Had these complaints from the Clothing Department, and this pressure which you spoke of, been going on for nine years?—No; the bad arrears appear to have been about 1890.

783. What do you mean by the bad arrears?—The time when the situation became acute as regards the arrears in rendering the accounts was about 1890.

784. Was the same commanding officer there the whole time?—No, there were two; that has complicated the difficulty.

785. Has anything been done as to finding out whether the first commanding officer was more to blame than the second?—No; nothing has been done beyond the court martial on Quartermaster Thorpe.

786. Are there practically two commanding officers involved?—The man who takes over, if he is satisfied with what he is given, assumes full responsibility. There, again, that is purely a military question, and I cannot speak as to what allotment of blame should be given to anyone.

787. How long has the commanding officer about whom we have been talking been in command?—Since 1890.

788. He has been there about half the time during which the frauds have been going on; was it to him that these remonstrances on the part of the Clothing Department were addressed?—They were addressed from 1890 onwards. He was in command when we began to press; it was during his tenure of command.

789. Would the remonstrances go direct to him, not to any superior officer?—The practice was to send them to the commanding officer himself.

790. In spite of those remonstrances you got no reply?—In spite of the remonstrances. Some of the accounts were sent in, but very late. I see from the papers before me they were "Urged for 4/7/90; ditto 12/9/90;" then a letter received 6/12/90, signed by Major Knox, of the Irish Rifles. Then the account was promised, but it was not sent, and then we had a letter 19/7/91 signed by Colonel Cutbill, the second commanding officer concerned, explaining the delay.

791. At all events, so far as the delay goes, the commanding officer was evidently conversant with it, because he was the person in correspondence with you?—That is so.

Mr. *Hanbury.*

792. This was a correspondence, and these were remonstrances which were addressed directly to the commanding officer, and which as commanding

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Mr. *Hanbury*—continued.

commanding officer he received and read, and they were fully within his knowledge?—They must have been.

793. All this large deficiency of over 2,000*l.* arose with regard to the ready-made clothing, as I understand?—Yes, certainly, but as I said before no system can possibly succeed whether ready-made clothing or anything else, if it is not honestly worked out. This man returned stores which he did not possess, and proper care was not taken locally to see whether they were there or not.

794. We have had two cases, one of fraud in connection with cloth, and the other in connection with ready-made clothing; both those frauds were due, as I understand, to the laxity which then prevailed; is not that so?—That is so.

795. In both cases now there have been great alterations in the system?—Yes, there has been an entire alteration; the whole thing is recast.

796. (To Mr. *Knox.*) Mr. Ryder used a rather curious phrase just now; he said that, "apparently the Secretary of State was frightened by his military advisers;" can you tell me who would be the military adviser in a case like this?—The Adjutant General.

Sir *John Hibbert.*

797. I understand you to say that an inquiry has been made; what was the character of the inquiry?—I cannot recollect exactly what the form was, but first of all there was a local inquiry into the whole circumstances of the case, and as the result of that the quartermaster was tried by court martial.

798. Was there not an inquiry instituted from head-quarters?—No.

Deficiency in Regimental Clothing Stores.

Mr. *Arthur O'Connor.*

799. (To Mr. *Wilson.*) I understand that in the examination of the annual clothing account of the 1st Battalion Royal Sussex Regiment deficiencies in stores were again found to the value of 283*l.*?—Yes.

800. It is now proposed not to write off the amount as a loss, but to get it out of the Pension Vote?—Yes, that is being done.

801. Is it not really transferring money from one pocket to another, with this difference; that in order to enable you to do it you are putting a man on pension who perhaps has a very doubtful claim to it?—He was given a reduced pension.

802. But if he had not got a pension at all you would have written off this amount as a loss?—I suppose we should have have had to ask the permission of the Treasury to do so. I do not see what else we could have done; the money was

Army Appropriation Account.

Deficiency in Regimental Clothing Stores—*continued.*

Mr. *Arthur O'Connor*—continued.

gone. It is useful to note the difference between this case and that mentioned in the preceding paragraph. Owing to the more simple and rapid dealing with the accounts of the regiment, we had our suspicions as to whether this Royal Sussex quartermaster had got a clean bill of health, and we at once sent down a very efficient officer to inspect, and we found it out immediately, instead of its being spread over a great number of years.

803. The same result would have followed, I presume, if you had taken the same step in the case of the Royal Irish Rifles?—Yes; but in dealing with stores if you take them over a term of years, if you do not bring the whole in at one time, there will be a certain amount over, and it is now that I am bearing the burden of this discovery, for which, of course, former years are responsible.

804. Of course all the questions put are impersonal; we are only concerned with the system, and you give us evidence that enables us to see very clearly the working of the Department?—I may mention, in regard to the working of the system, that the General Officer Commanding asked us that we should at once inspect the whole of the clothing stock in his district; we did so, and the only deficiency was 9*s.* 7*d.*, and there was about 20*l.* surplus brought to account. The net result, with the exception of the Royal Irish Rifles, up to the present, is to bring a great deal of money into the Exchequer as a saving.

805. A large amount on one side or the other which is not expected argues bad book-keeping, does it not, whatever the side may be on which it is found?—Yes, but it is the inevitable result of starting a new system on an old one.

806. Yes, but the point I am upon is this: a defaulting officer is allowed to go on a reduced pension in order that a certain amount of deficiency may be made up out of the pension, and then instead of having a write-off of the full sum that is deficient you get instalments of it from the Pension Vote; is not that so?—I am practically in the position of a tradesman. If I am badly served at units I have to report it to head-quarters. After that I have no power as to the action taken with regard to the particular officer. I am not doing anything with a view to recovering the money; I can only report it and put up the whole circumstances of the case for the consideration of the financial authority and the higher military authorities.

807. What were the circumstances under which this man was allowed to retire on pension and draw a pension from the Pension Vote?—The quartermaster was tried, and he was found guilty of misconduct, if you may call it so, and the court recommended very strongly (as I understand) that he should be allowed to retire on a modified pension, what is commonly called the naughty-boy pension. He got 150*l.* instead of

ARMY APPROPRIATION ACCOUNT.

Deficiency in Regimental Clothing Stores—*continued.*

Mr. *Arthur O'Connor*—continued.

about 190*l.*; and out of that it was decided, and the military authorities agreed, that it would be right to stop 70*l.* a year until this money was paid.

Sir *Arthur Hayter.*

808. He was not found guilty of fraud?—He was acquitted of fraud by the court martial; but the accounts had been manipulated, or quite improperly dealt with.

Mr. *Arthur O'Connor.*

809. You do not remember in what particular way or for what period they had been so dealt with?—Yes, I can give you the account of it briefly. I believe one element which influenced the court in recommending the man to mercy was, that it appeared he had been systematically robbed by his storeman (a man of the name of Taylor), and that he had previously borne a very high character. His case was described as a "sad ending to a long and honourable career," and I have no doubt that influenced the court in recommending him a modified pension, recommending him for mercy, in fact.

810. My question is, over what period did these defaults extend?—The deficiency might have gone on some time. When you come to compare a balance in figures and the balance in stuff you cannot say how long the discrepancy has been going on, because an actual inspection of the stock had not previously taken place.

811. Had you not in the Clothing Department a clothing account sent in for several years before that?—Yes, but they did not tally with the stock when we came to compare the two.

812. Then the Clothing Department was absolutely unable from any record, or any system, or any inspection, that they had previously, even to surmise the period over which the default extended?—I observe that the annual boards in this case were held on the 31st of March, and the report was that they were in accord with the stuff there; so that it is presumable that it took place in the last year.

813. Unless you regard these boards as very imperfect?—They ought not to be; they are most important; we can do nothing without them.

814. Unless they were held by a civilian officer appointed for the purpose?—I do not see how a civilian officer could hold a board which is practically a board on the conduct of a military officer, of a unit, any more than you could have a civilian to go down and see that they had their right number of cartridges per man.

815. Was not the inspector you sent down in the case we had before a civilian inspector?—Yes, it is so now. I send my own men, and we have mapped out a system by which we take every unit in turn.

816. Is it part of your present system to depend upon these boards of three military officers to check the stores of boots and clothing?—Yes, I must depend upon the board, but I have this further check, that I have now machinery by which I can check the board. Before I had not got that.

817. At any rate the fact remains, does it not, that in this case this deficiency has to be made good out of the Pension Vote?—It is made good out of the man's pension.

818. And that comes out of the Pension Vote?—Yes.

Mr. *Webb.*

819. Is the full amount of 285*l.* to be made good out of his pension?—The deduction will go on till the full amount is paid.

Mr. *Hanbury.*

820. That deduction being out of the reduced pension itself?—Yes.

STOCK-TAKING.—REGIMENTAL CLOTHING.

Mr. *Philip Stanhope.*

821. (To Sir *C. L. Ryan.*) You have, of course, heard the evidence which has been given to-day by the Director of Army Clothing, with regard to the changes that have been made in the manner of inspection; are you entirely in accord with those changes, and do you think they will tend to the regularity of accounts?—Yes; that is the object of this paragraph in my Report.

Mr. *Arthur O'Connor.*

822. (To Mr. *Wilson.*) These deficiencies and surpluses were discovered only on inspection from head-quarters?—On inspection from the clothing head-quarters.

Mr. *Hanbury.*

823. That is to say, what is described in paragraph 14 is the new system of inspection which has now been started by you?—Yes.

824. In fact, this paragraph deals with the evidence you have been giving to-day?—Yes; it sums up the evidence practically. (Mr. *Knox.*) I should like to add that this inspection, as a valuable thing, is really possible in consequence of the improvement of the accounts. The accounts under the old system practically did not admit of a proper inspection of the stock being taken. Under the present system the accounts being rendered more frequently (they used to be rendered only annually) assists immensely in the proper taking of the stock from time to time.

Mr. *Arthur O'Connor.*

825. Under the old system it would not have been a matter of great surprise if a commanding officer had found himself rather puzzled with the stock and the balance?—I think so.

[Mr. *Fleetwood Wilson* withdrew.

20 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Army Appropriation Account.

Loss of Stores by Robbery at Hong Kong.

Chairman.

826. (To Mr. *Knox.*) It appears in the last sub-section of paragraph 10, in regard to the doctrine which was laid down by the Public Accounts Committee in 1892, to the effect that "the inability to bring the loss home to an individual should not necessarily relieve the Admiralty of the necessity of obtaining Treasury sanction in a case of this kind," the Treasury hope that the Secretary of State for War will accept this doctrine as applicable to his Department; but a communication to that effect having been made to the War Office, a reply does not yet appear to have been received; can you tell the Committee what is being done in the matter?—The matter is still under consideration. It is hoped that we shall be able to come to an agreement with the Treasury on the point. But, certainly, the view hitherto held by us, which was supposed by us to be in accordance with the view of the Treasury also, has been that it is not necessary for our Department to apply to the Treasury except when a case of personal liability is brought home to a certain individual. In doing so, as we have done for many years, we thought we were acting in accordance with the view of the Treasury; and, in fact, there is very little doubt that that was so, for I hold in my hand a letter from the Treasury (it is certainly an old one) in which certain cases of losses having been referred to them, they pointed out that we were referring cases in which their authority for writing off was not necessary. Their words are these: "I am, however, to observe that the list would appear to include several charges for loss of stores which, as my Lords have intimated in reply to Mr. Milton's letter of the 27th ultimo, need not be submitted to this Board, because, as my Lords presume in the particular instance in question, the court of inquiry, appointed under the Army Equipment Regulations, has, in its discretion, not seen fit to establish any individual liability for the cost value of the stores lost."

827. But if this doctrine of reporting to the Treasury had been accepted by the Admiralty, ought not the War Office to conform?—I do not know that it should on that account, but, of course, the War Office are quite willing to consider as to the advisability of their doing so. I think, however, this is a matter upon which clearly some sort of compromise should be come to as between us and the Treasury. It is, perhaps, not known to the Committee that a general officer himself has locally authority to write off losses of stores within certain limits, stores of a certain kind to the limit of 5*l.*, and stores of another kind to the limit of 10*l.*; but the Treasury wishes to refuse to the Secretary of State power to write off losses of any kind at all or within any limit. I think, certainly, the Secretary of State should, in his discretion, have power to write off losses within some defined

Army Appropriation Account.

Loss of Stores by Robbery at Hong Kong—*continued.*

Chairman—continued.

limit; and if they agreed to that, I think the Department would be quite willing to accept the general principle.

828. (To Mr. *Ryder.*) What have you to say with regard to what Mr. Knox has stated?—I think it is a new point that Mr. Knox has raised, as to the limit of the amount below which it should not be necessary to come to the Treasury, and above which it should be necessary. I feel sure the Treasury would be willing to consider such a suggestion whenever there is no question of personal responsibility.

829. What is the practice as regards the Admiralty; is there a limit there below which no application need be made to the Treasury?—I am not aware of any limit having been fixed, but, as a matter of fact, the cases that come before us are, as a rule, of large amount. When one comes to think of it, I think there must be a limit.

830. What happens in the case of petty losses in the Navy?—I never knew of a case of a petty loss not involving any sort of fraud or personal responsibility being submitted to us.

831. (To Mr. *Knox.*) Then, I understand, the War Office would not object to submit to the Treasury cases of large loss, even though there was no question of personal liability involved?—No. Of course there are losses of various kinds; for instance, loss by fire or by wreck; losses of that kind we do not think are cases which require any authority from the Treasury to write off; they are practically inevitable incidents of service.

832. (To Mr. *Ryder.*) What have you to say as to such cases as Mr. Knox has mentioned?—In the case of the Admiralty they do submit to us losses of that kind, as, for instance, the cash on board the "Victoria" when she was sunk in the Mediterranean.

833. (To Mr. *Knox.*) Would you object to submit to the Treasury cases of large losses, even if they were caused by fire or wreck?—It is very difficult to ascertain what is to be written off in these cases. As Mr. Ryder points out, the cash that was on the "Victoria" was written off, but I am not aware that any of the stores of the "Victoria," or the value of the "Victoria" itself, was written off by the sanction of the Treasury. Neither in the case of, say, the Winchester Barracks, recently burnt down, would it be necessary to ask the Treasury to write off the value of the barracks when they were consumed by fire and completely lost.

834. (To Mr. *Ryder.*) What do you say with regard to this point?—I think the whole question requires careful consideration, and that a rule should be laid down upon the subject.

835. (To Mr. *Knox.*) I understand the War Office are considering the point?—We have had a letter from the Treasury dealing with the subject, and we are preparing to reply to that letter. I think our view would be that such matters as

Army Appropriation Account.

Loss of Stores by Robbery at Hong Kong—*continued.*

Chairman—continued.

loss by fire and wreck should not be referred to them, but that all other losses above a certain amount in value should be.

836. (To Sir *C. L. Ryan.*) Have you anything to say in regard to what has been told us by Mr. Knox and Mr. Ryder?—No; I should accept any regulations that were arrived at between the two Departments.

Mr. *Philip Stanhope.*

837. (To Mr. *Ryder.*) You, at all events, would contend that, whatever the principle adopted after a conference between the two Departments might be, there ought to be uniformity of method between the Treasury and the Army and the Treasury and the Admiralty?—I think so.

838. There ought not to be one principle adopted in the case of the Admiralty and another in the case of the War Office?—No; one principle should be common to both. (Mr. *Knox.*) I quite admit that that should be so as regards the principles, but I think the details in carrying it out might vary with the different Departments, because the circumstances are so very different.

School of Military Engineering, Chatham.

Surpluses and Deficiencies of Stores.

Chairman.

839. (To Mr. *Knox.*) In the last sub-section of paragraph 11 it appears that where there are losses and deficiencies of stores the one is set off against the other, but the Treasury consider that this cannot be done properly unless there is a correlation between the stores which are included in the surpluses and in the deficiencies. It appears to be held by the Treasury, and perhaps also by the Comptroller and Auditor General, that such a correlation did not exist in the case of stores in the School of Military Engineering at Chatham; have you anything to say upon that point?—I think we cannot insist upon the correlation of stores, especially in an account of this kind. We hold that in all store accounts errors are very likely to creep in; it is only by an error of accounting that a surplus can arise, and we believe that similar errors account for the deficiencies in all store accounts. But in this Chatham store account that is specially the case. The Chatham institution is a depôt in which all the officers and men of the Engineers are trained in all their trades and various multifarious practices. The issues of stores, and the returning of stores of all kinds, tools and so on, employed in this instruction, are constant, and it is very difficult indeed to watch them with any degree of closeness. It is a store

Army Appropriation Account.

Surpluses and Deficiencies of Stores—*continued.*

Chairman—continued.

in which, naturally, we should expect some considerable variation from the actual facts as ascertained. The result was, that when the stores were inquired into surpluses were found to the extent of 2,000*l.*, and deficiencies to the extent of 1,000*l.* We think under these circumstances there is no point to refer to the Treasury; there was no net loss, and on that ground we did not make any application.

840. If there is no correlation insisted upon, do you mean to say that the surplus of one kind of stores can be set against the deficiency of another kind of stores; because, if that can be done, as the Comptroller and Auditor General says, "losses of public stores might, in many instances, be entirely withheld from the cognisance of Her Majesty's Treasury and of Parliament?—What is held is, that these are not real losses at all; the mass of them are errors of account which necessarily arise from the very large number of issues and returns of stores in a place of this kind; it cannot be expected that the store account should be perfectly accurate. For that reason we think errors on one side should be set off against errors on the other.

841. (To Mr. *Ryder.*) What have you to say upon what Mr. Knox has stated?—So far as I can see, there was no correlation between surpluses and deficiencies in this case. The deficiencies, as we are told by the Comptroller and Auditor General, were mainly in tools which were in daily use, and the surpluses arose from railway plant and boats being taken on charge for the first time, in consequence of the stock-taking.

842. Do you admit what Mr. Knox says, that the one may be set off against the other?—No; I think the Treasury hold that there ought to be always some correlation between the surplus and the deficiency.

843. You are not convinced by anything you have now heard from Mr. Knox?—No.

844. Do you note that he says they are not really losses but only small errors in account?—I do not know that we can call them small, having regard to the fact that they amount to some thousand pounds.

845. What Mr. Knox has said does not alter your opinion?—No.

846. (To Sir *C. L. Ryan.*) You hear what Mr. Knox says; have you anything to add?—I am not in the least influenced by what Mr. Knox has said in the matter in the direction of changing my opinion. I think there is a great danger if you allow stores to be written off without going to the Treasury when there is no correlation; you might have very serious fraud, not coming out at all, because there was a surplus of something unexpected.

847. (To Mr. *Knox.*) In view of what you have heard, to the effect that the Treasury and the Comptroller and Auditor General both adhere to their opinion, do you think the War Office is prepared to confirm and make some change?—I think

ARMY APPROPRIATION ACCOUNT.

Surpluses and Deficiencies of Stores—*continued.*

Chairman—continued.

think they would be prepared to act upon the recommendation of this Committee, however much they might disagree with it. We think, in this case it is not necessary to go to another Department, but that the Secretary of State is quite competent, and in fact more competent than the Treasury or the Comptroller and Auditor General, to decide this question.

Sir *Arthur Hayter.*

848. Do you see much practical difficulty in going to the Treasury?—No, there is no practical difficulty.

Mr. *Buchanan.*

849. It carries out, does it not, the principle of the financial control of the Treasury for all these irregularities?—No; I think the control of the Treasury is absolutely futile in this matter.

850. It gives Parliament a knowledge of it, does it not?—No; the Comptroller and Auditor General can draw attention to any single case without its being submitted to the Treasury, as he has called attention to this case. If he thinks anything is faulty he can direct attention to it.

Mr. *Arthur O'Connor.*

851. (To Sir *C. L. Ryan.*) I suppose you would agree that a surplus of coal in one cellar and a deficiency of champagne in the next cellar could not be very well set off against each other?—There is not a correlation between the two, certainly.

852. (To Mr. *Knox.*) I notice in this case there is not even a reasonable ground for setting off the deficiencies against surpluses; because the surplus is arrived at only by including some valuable stores which had never been brought on charge at all, such as boats and railway plant; but for bringing that on charge the deficiency would not have been made up; is not that so; if you look at the last line on page 159 you will see what I am referring to?—That is what I mean by saying there are errors of account. Clearly there was an error of account there, and I have every reason to believe that there were errors of account on the other side in many cases.

853. Then certain stock was not taken on charge at all?—No.

854. It was at the disposal of the accounting officer, without any record against him?—Apparently so.

855. What assurance is there that there may not be the same kind of thing in a great many different branches of the account?—There is only the security of the examination of the accounts from time to time and the stock-taking.

856. The examination of accounts did not reveal it, and I suppose could not reveal it, but this was discovered only on stock-taking?—That is so.

ARMY APPROPRIATION ACCOUNT.

Surpluses and Deficiencies of Stores—*continued.*

Mr. *Arthur O'Connor*—continued.

857. What stock-taking was that; was it departmental?—No; someone went down from the War Office.

858. Was it an independent, outside stock-taking?—Local people were employed, but there was an outside person present.

859. It was an inspection conducted by some body from headquarters?—Yes.

860. Do you have stock-taking locally without an inspector from head-quarters?—Yes.

861. Have you any reason to suppose that local stock-taking has been made on several occasions before without these omissions being discovered?—I am not aware of it.

862. Are you satisfied with the effectiveness of the purely local stock-taking?—It is the business of anybody entrusted with stores to be constantly looking into the condition of his stores; he ought to be doing so. Of course it is very difficult indeed in a place like the school of military engineering, because the stores are so constantly out in use.

863. One would have supposed that things like boats and railway plant were so very obvious that they would at once be checked?—Yes, one would imagine they would.

Mr. *Hanbury.*

864. (To Mr. *Ryder.*) What is the view the Admiralty take of this; do they take the same view as the War Office, or do they take your view in regard to correlation between the kinds of stores?—I do not think we have had any dispute with the Admiralty upon the subject. So far as I know they take the Treasury view. (Mr. *Knox.*) The point here was that there was no reference made to the Treasury, because, as it happens, the surplus was in excess of the deficiency. Where there is a deficiency in excess of the surplus we always do write to the Treasury. Here, as I say, the surpluses are in excess of the deficiencies.

865. (To Mr. *Knox.*) But the principle is the same, is it not?— What we should hold is that there is no net deficiency to write off. When there is a net deficiency, we only ask the Treasury to write off the net amount.

866. That does not touch the point raised by the Treasury as to there being a correlation between the two kinds of stores between which there is a set-off?—That would be going to the Treasury to ask for an authority to set off the one against the other. What we have asked the Treasury hitherto is to sanction the writing off of a definite sum of money in the account.

867. (To Mr. *Ryder.*) There is a difference, I understand, between the War Office and the Admiralty in that respect?—I do not know any case in which the Admiralty have done what the War Department have done; that is to say, cancelled deficiencies by setting against them larger surpluses in the absence of any correlation between the two.

20 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued*

Army Appropriation Account.

New System of Accounting at Woolwich.

Mr. *Arthur O'Connor.*

868. (To Sir *C. L. Ryan.*) In paragraph 12 I see these words, "Independent means of comparison between the ledger balances and the tallies kept by the storeholders has been instituted." I should like to ask what you understand exactly by the word "tallies"?—The tallies are the little wooden things which are kept in each bin where the stores are. (Mr. *Knox.*) It is a local ledger account of each bin as it were; a card pointing out the quantities and the issues.

Stock-taking.—Change in Method at Woolwich.

Mr. *Arthur O'Connor.*

869. (To Sir *C. L. Ryan.*) I see at the end of paragraph 13 the Comptroller and Auditor General says: "With regard to these cases it is now stated that the Secretary of State agrees with me that as soon as the new system has been brought into full operation these temporary expedients should be discontinued." What is the meaning of the word "expedients" there; I suppose "expedients" mean a shift or a contrivance or a means to an end, a way out of a difficulty; is that the sense in which the word is to be understood in that sentence; does it mean that the Secretary of State takes a short cut in a matter that ought to be dealt with otherwise?—I am afraid it was not a very happy use of language; but what was meant was the system would be put right. It is not my language; it is the language of the War Office letter which I have incorporated in that paragraph.

[The Witnesses withdrew.

THIRD

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
27 *June* 1895.

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Committee of Public Accounts.

Ordered,—[*Wednesday, 4th March* 1895]:—That the Committee of Public Accounts do consist of Fifteen Members.

Committee nominated of—

Mr. Bartley.	Mr. Alpheus Morton.
Mr. Buchanan.	Mr. Mowbray.
Mr. Cameron Corbett.	Mr. Arthur O'Connor.
Sir John Gorst.	Mr. Philip Stanhope.
Mr. Hanbury.	Sir Richard Temple.
Sir Arthur Hayter.	Mr. Webb.
Sir John Hibbert.	Mr. Arthur Williams.
Mr. Jackson.	

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

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THIRD REPORT

THE COMMITTEE of PUBLIC ACCOUNTS have made further Progress in the matters to them referred, and have agreed to the following THIRD REPORT:—

NAVY APPROPRIATION ACCOUNT, 1893-94.

1. Your Committee observe with satisfaction that, in reference to an outstanding question regarding the inspection of stores, the Admiralty accept the inspection of the Director of Artillery, War Office, as their agent, and further accept the responsibility for such inspection to the same extent as if it were conducted by their own officers. This is final, and is in accordance with the wishes of the Public Accounts Committee, and the Treasury is satisfied therewith. Q. 870. Q. 871. Q. 873.

Appropriation in Aid.

Cost of Maintenance of the Australian Squadron.

2. Your Committee observe that while the fixed payment from the colonies amounts to 91,000*l.* annually for a term of ten years, the cost of maintenance for which the Admiralty is liable under the agreement, and which is under the control of the Admiralty also, is increasing; it stood at 110,000*l.* in 1892-93, and has risen to 126,000*l.* in 1893-94. Your Committee have been unable to ascertain from the Admiralty any particular explanation of the excess of expenses over contributions. The excess is said to be of that nature that cannot be exactly estimated beforehand, and is never exactly known until all the accounts have come in; it depends partly on the orders given by the Admiral on the station regarding the movements of ships necessitating the expenditure of coal and so forth. But there has been an increase of charge under Victualling which is not fully explained. Q. 874. Q. 898 Q. 906.

3. Your Committee have endeavoured to impress on the authorities concerned the importance of keeping down the cost of maintenance to a point approximating the contribution. An explanatory paper by the Admiralty will be found in the Appendices (*vide* No. 9). Q. 888.

New Sub-Head.

4. In this place your Committee's notice has been drawn to the cost of three vessels for service on Lake Nyassa, under Sub-head B. It is now finally understood that these boats are handed over to the British Central Africa Protectorate with their armaments and stores, as the property of the Protectorate, and after the financial year 1894-95 no further expenditure relating to these vessels will be thrown upon the naval funds. Your Committee regard this as satisfactory. Q. 912-914.

5. Under Sub-Head A., your Committee notice that for the raising of the stranded warship "the Howe," the main item was the sum of 35,000*l.* paid to the Salvage Company, and 809*l.* paid in gratuities to Spanish officials; besides which there were many other items in detail, some of which have been settled in the accounts of previous years. By this time all the details of the accounts have been settled, and your Committee have received from the Admiralty a summary of the total cost of this important operation, amounting to 44,435*l.* 15*s.*, which will be found in the Appendices (*vide* No. 8). Q. 928. Q. 929.

Net Deficit on the Appropriation Account.

6. In paragraph 8 of the Comptroller and Auditor General's Report there stands the sum of 49,519*l.* 9*s.* 2*d.* as the Net Deficit on the whole Account of over 15 millions. This sum has already been mentioned in your Committee's First Report, together with the particular causes to which the Admiralty attributed the deficit. The Report of the Comptroller and Auditor-General was not then before your Committee. But having now considered the paragraph 8 of that Report, and taken evidence thereon, your Committee deem it necessary to make the following observations on the manner in which the deficit has been accounted for.

Q. 938. 7. In February 1894 materials were ordered to the value of about 60,000*l.* for delivery and payment before 31st March, Treasury sanction being obtained, as the expenditure had not been provided for in the estimates of the year. This unestimated expenditure might, it was thought, be incurred without passing the limit of the Parliamentary grants of the year. At the time the calculations left, after this expenditure, only a narrow margin of 1,200*l.* on the grand total of 15 millions. Thus the Admiralty proposed at the end of the year to purchase stores which would be wanted for the next year, and represented to the Treasury that there would be money enough for the purpose. But ultimately it turned out that there was not money enough. Your Committee must observe that this proposal was somewhat unusual and irregular, and that the Admiralty was specially bound to make sure that there would be a supply sufficient to meet the
Q. 945. Q. 943. proposed expenditure. They concur with the Comptroller and Auditor General's remark to the effect that where it is proposed to use anticipated but unrealised savings of one year in order to make purchases provided for in another year, it should be
Q. 948. abundantly clear that no deficit can arise. Doubtless the Admiralty did their best to assure themselves beforehand; still the calculation failed, and the unavoidable uncertainty of such calculations is an additional reason against such a proposal as this.

8. Instead of a narrow margin of 1,200*l.* in the expectation there resulted a deficit or excess of 49,000*l.* And your Committee proceed to consider the reasons adduced by the Admiralty for that, namely, a deficiency in the receipts (Appropriations in Aid)
Q. 948. expected from India, and the loss of the cash that went down with the Victoria. The question at once arises why should the Admiralty select these two items to account for a deficit or excess on the grand total of 15 millions? In the first place there were general objections to singling out any items from this great account, and saying that to them in particular the deficit was attributable. The deficit was upon the whole account. But to the selection of these two items there were special objections. When this matter arose in February 1894, it was known that a considerable sum had been lost in the Victoria, which had gone down some months previously, and that there would be a deficiency from the contribution from India. The Admiralty rejoin that the exact amounts of these two items were not known in February 1894. Still they were known (and ought to have been taken into calculation) when the Admiralty represented to the Treasury that there would be a surplus. The Admiralty seem to offer as some explanation the fact that
Q. 942. out of the 60,000*l.* already mentioned a sum of only 29,000*l.* was expended; but if this be meant as explanation your Committee could not regard it as adequate. In order to do justice to the Admiralty as much as possible your Committee would add that a part of the excess is made up of the sum of 12,000*l.*, which was expended under Vote 9, not altogether for Admiralty purposes, but rather for the purpose of keeping the men
Q. 1022. employed at the Ordnance factories. It might be said that this was a policy imposed on them by the central authority in consequence of the position of the factory workmen. After giving due weight to this, your Committee do not find that it would materially affect their view of the whole case.

Q. 958. 9. The Treasury explain to your Committee that these two items—Indian contribution and cash in Victoria—were indeed known quite well when the forecast was made in February and March of 1894. On consideration they do not say that the Admiralty, strictly speaking, is entitled to attribute the deficit to the two particular causes above
Q. 959. mentioned. There was the whole Appropriation Account before Parliament at the time giving the surpluses and deficits on all the Navy Votes. It was no easy matter for the Admiralty to single out specific causes for the net deficit. That deficit was really
Q. 960. the result of a great number of causes. Further, the Treasury explain to your Committee that in their opinion, if the Admiralty found it necessary to state why the forecast was beside the mark, their best answer would have been, first, that they thought Vote 2 (the Victualling Vote) would have been sufficiently equipped in March, but it really showed

showed a deficit of over 40,000*l.*, and, secondly, as regards Vote 10 (the Works Vote), they thought it would show a small surplus, it really showed a deficit. These would, in their opinion, have been good and true reasons, and both the Votes in question are large ones. Your Committee then inquired why these reasons were not assigned instead of Q. 961. the two inferior reasons to which exception has been already taken; and the Treasury put the explanation thus. When the Admiralty came to prepare an Excess Vote for presentation to Parliament, then inasmuch as Parliament was already seized of the Q. 965. Appropriation Accounts, they had to think of the two simplest explanations that could be given to Parliament, first, of the net excesses upon gross Votes, and, secondly, of the fallings off in Appropriations in Aid. In respect to the latter the short payment from India was obvious. In respect to the former the Admiralty would have had great difficulty in connecting the excess with the two great Votes of Victualling and Works without going into all the details of the Appropriation Account. Therefore they singled out a particular service which was entirely unprovided for in the original estimate, which was a specific and easily identifiable service, and which happened to very nearly correspond with the net excess; and that was the loss of cash in the "Victoria." The Q. 965. Treasury now think that such an explanation as this must be held to be deficient, but they had no opportunity of expressing an opinion on its adequacy at the time. Q. 967.

10. The Admiralty give to your Committee the simple reason that it would have complicated the matter before the House of Commons if a long statement had to be presented of excesses and surpluses. The Comptroller and Auditor General informs Q. 972. your Committee that he thinks these two items should not be given as the causes of the excess, unless with them was furnished an explanatory paper showing clearly to what other causes it might be attributed.

11. In their First Report your Committee had not the means of entering upon the sufficiency of the two specific reasons offered by the Admiralty. Having now consiered these fully, your Committee is obliged to hold that, financially, they are neither valid nor sufficient. The full reasons ought to have been presented to Parliament, even though the explanation had been complex and lengthy. Further, your Committee considers that the application or proposal made by the Admiralty for incurring the unestimated expenditure of 60,000*l.* at the end of one year, in order to relieve the Votes of the coming year, was, in itself, open to grave objection, unless clearly sustained by a Q. 994. practically assured surplus; and there was not any adequate assurance of such a surplus. Q. 1021.

12. In reference to this, your Committee have considered the question whether a Q. 994. Supplementary Estimate ought not to have been presented, and whether the Treasury do not Q. 996. share with the Admiralty the responsibility for acting on the forecast of a small surplus without insisting on such Supplementary Estimate. The fact is, however, that there was not time for this; the information came to the Treasury during March, not before 21st, when it was too late to present a Supplementary Estimate. But that the Treasury acknowledge the need of a Supplementary Estimate in such a case as this is clear from their letter (p. 136), where they write: "When my Lords compare these figures with the forecast of the out-turn of the Navy Votes for 1893–94, which showed an estimated net surplus of 1,200*l.* only, and when they remember the various items of excess expenditure that they sanctioned during the year upon the assurance of the Board of Admiralty that no net deficit would be incurred on the total of Navy Votes, they feel that the Admiralty placed too much reliance on so narrow an estimate. Whenever the margin of provision over an expenditure of 15 millions can only be estimated at a few hundred pounds, it would be much safer to present a Supplementary Estimate."

13. Your Committee concur in this view, and regret that some such course was not taken.

Excess Expenditure under Sub-Head M., Clothing.

14. Under Vote 2 there is an excess (20,000*l.*) attributed mainly to the new system of Q. 1025. making up boys' clothing. The Comptroller and Auditor General asked for further explanation which had not been rendered up to the date of his Report, as shown in his paragraph 9. The Victualling Department have now explained to your Committee that the excess was due not so much to the immediate effects of the change of system as to the circumstances connected with the change. The assimilation of boys' clothing to that worn by men was postponed until the new contracts were completed in 1892. To Q. 1026. bring the new patterns into use as quickly as possible after the completion of the new contracts, the stock of the old patterns which had to be used up was kept as low as conveniently

conveniently possible. It was not possible to say how long the old stock would last, and consequently to what extent it would affect the making up of clothes of the new pattern, particularly as the ships were then authorised to keep up a large reserve of made-up clothes. In the event, it turned out that the expenditure was under-estimated. This was one of the after effects of the overhauling of the seamen's clothing and the introduction of the new pattern. It was not only the change of system for making up, but the introduction of new patterns at the same time which produced the uncertainty.

Q. 1029. Q. 1030. 15. The Comptroller and Auditor General and the Treasury express themselves as sufficiently satisfied with this explanation, combined with certain explanations which have been given intermediately by the Admiralty; and your Committee concur.

Q. 1031. Q. 1040. 16. Your Committee observe that of the 20,000*l.* about 15,000*l.* may be thus explained, and that the change of system may be described in this wise. In the first place there was a change of patterns. Secondly, under the old system nothing but material was drawn and accounted for on board the training ships, and then by a private arrangement (that is to say, private so far as the Admiralty is concerned) carried out by the paymaster under the captain at the port, these things were sent to contractors and made up into clothes and issued to the boys. The quantity of stuff used for the clothes was charged against the boy, plus the cost of making up. It was then considered a much more satisfactory arrangement that the contractor should buy from the Victualling Department the cloth to make up into clothes and pay the Department for that and then resell the garments to the Department. Approximately, this involved the expenditure of 15,000*l.* Q. 1041. but the money comes back afterwards from the boys. It happened that the quantities of these things had become very low on board the ships owing to the wish of the Department to use them up before bring-ing in the new patterns.

Figures Relating to Credits under Sub-Head M. now Supplied in Appropriation Account.

Q. 1045. 17. The Comptroller and Auditor General, in paragraph 10, objects to the exceptional arrangement which allows of credits to a debit sub-Head instead of Appropriations in Aid, Q. 1047. which may increase the spending power of a Sub-Head. The Admiralty inform your Committee that at the end of the financial year 1895-96 they are prepared to meet the views of the Comptroller and Auditor General and credit the money under Appropriations in Q. 1048. Aid; and with this the Comptroller and Auditor General is satisfied. He adds that he has always felt an objection to the system of credits to debit sub-heads, as they increase the spending power of a department, and unless they are absolutely unavoidable they are in principle wrong. In this your Committee concur.

Personnel (Dockyards.)

18. The Comptroller and Auditor General furnished a statement comparing the wages at the Naval Yard at Hong Kong with those paid by a local dock company, which Q. 1052. statement has been referred to the commodore, whose reply is still awaited. So nothing further can be said at this moment.

War Office Claim in respect to Productions at the Ordnance Factories.

Q. 1054. 19. The Comptroller and Auditor General inquired of the Admiralty what was being done with certain articles not traced. Explanation has been given which practically admits the contention that the Admiralty should look after these articles, and that they will Q. 1055. do so if they find that they have not got them. The Comptroller and Auditor General appears to be satisfied with this for the present.

Vote 10.

Transfers of Stores between Items of Work, and Suitability of present Form of Vote for Existing Requirements.

20. Under this head there has been some discussion before your Committee regarding the existing form of Vote 10 (Works). The Comptroller and Auditor General thinks that, looking to the extension of the works and the work that will have to be done under the Naval Loan Fund, it is desirable that there should be a recasting of this

Vote. This would involve a recasting of the Estimates. The Treasury are prepared Q. 1061.
to give their best consideration to the suggestion. It is to be remarked, however, that Q. 1062.
after a long correspondence, some time ago the Navy Works Vote was brought on to the same lines as those for the Army. If, then, the Navy Works Vote is to be again altered, there would be a question whether that for the Army could be made approximately uniform. Further, if this be done for the Army and Navy Votes, it ought perhaps to be extended to the English and Irish Civil Works Votes; and all this would cause Q. 1062.
some additional expense. Still, the Comptroller and Auditor General advocates this for the sake of Parliamentary control. The House of Commons would get a closer grip Q. 1069.
upon the affairs by having a division between labour and material, and by seeing whether the Executive work up to the total of the programme, which could be seen more clearly than it can be now, when the charge is all under one head without a division. Your Committee think that this matter deserves that early consideration which it is understood to be actually receiving from the departments concerned.

Vote II.

Miscellaneous Services.

21. The Comptroller and Auditor General has called attention to the damage done to colliers in coaling H. M. ships as being very expensive. Your Committee learn that the Admiralty are duly alive to this, and have to obtain the necessary sanction to each payment Q. 1093.
that may arise on this account in the way of compensation or otherwise. They represent that the risk of damage must be incurred, as the ships must sometimes be coaled in stress of weather, despite all the care that can be taken to avoid this necessity.

Claim abandoned in respect of Pension fraudulently drawn.

22. Your Committee find on inquiry that the fraud was accomplished by forgery, the widow forging her deceased husband's name. They cannot think that sufficient precau- Q. 1107.
tions were in this case adopted; but the Admiralty now assure your Committee that they have taken all the precautions practicable with so many thousand pensioners scattered over the kingdom, without incurring an expense unduly large in proportion to Q. 1112.
the object in view. A system slightly different prevails in the War Department, but the Admiralty allege that this does not altogether suit their varying circumstances. Q. 1118.

General.

Royalties on certain Manufactures for Naval Services at the Ordnance Factories in 1893–4, excluded from Navy Accounts of that Year.

23. In his paragraph 25 the Comptroller and Auditor General remarks that the War Office have merged the royalties on certain manufactured articles in the cost price for 1893-4, and the amount forms part of the credit to Appropriation in Aid, Ordnance Factories Vote Q. 1119.
for that year (1893-4), and that it would be more proper for the Admiralty to have dealt with the complete charge for the articles in the Navy Accounts for the same year. Q. 1120.
The Admiralty now agree that this should be done in future, and the Comptroller and Auditor General is so far satisfied.

24. Your Committee observe that there is a liability debit in the Ordnance Factory Q. 1125.
Accounts for amounts chargeable in 1893-4 remaining unpaid, amounting to 28,000*l.*, Q. 1126.
which amount would cover the royalties in question.

Claim upon the Colonial Office in Connection with a Punitive Expedition on the River Gambia.

25. In his paragraph 26 the Comptroller and Auditor General adverts to the question whether a statement should be furnished to Parliament of the extra cost incurred by the Admiralty in a punitive expedition on the Gambia. It appears that in similar cases the Q. 1128.
War Office do append to their Appropriation Account statements of the extra expenditure incurred on the numerous military expeditions which are undertaken in all parts of the world. The Treasury think that, so far as practicable, a corresponding course should Q. 1130.
be pursued by the Admiralty; and on the other hand the Admiralty rejoin that there would be great difficulty in presenting a statement of the cost of the coal, which is the

largest item in the expenditure, also of the telegrams. But they can append a statement of all the rest of the expenses. And your Committee recommend that this be done in all cases of this description.

Q. 1132. Q. 1137.

26. The Treasury give a further reason for having some rule as set forth above, in that it may be necessary or desirable to claim some contribution in the event of such expedition being undertaken for the sake of a colony. In this case a portion of the expense was recovered from the Gambia.

Q. 1138.

Loss owing to the Defalcations of a Paymaster.

27. There were certain defalcations by the paymaster of H.M.S. Nymphe, the cash account having been falsified. The commanding officer was held by the Admiralty to have failed in carrying out the Regulations, which prescribe the examination by him of the balances from time to time; that is, he had not done this with sufficent precision and exactitude. The Regulations are explicit on the subject, and the case was dealt with as a matter of discipline. The commanding officer is entitled to call in officers to assist him in this work; still he is held responsible for the examination; as a rule he does the work himself, and does not cast the responsibility on anyone else.

Q. 1140. Q. 1146. Q. 1148–9. Q. 1161. Q. 1165.

28. Hereon the Treasury have contended that in cases where loss by fraud of a subordinate has occurred, and where the commanding officer is found to have failed in taking due precautions, he incurs a pecuniary as well as a disciplinary liability; in other words, a penalty may be added and a part of the loss may be recovered from him. The pecuniary liability is contemplated by the Regulations, and should be real and not nominal. The question has been discussed between the Treasury and the Admiralty, the substance of which has been before your Committee, and it appears that the Admiralty admit the above contention. This accords with the view of the Comptroller and Auditor General, who states that the pecuniary responsibility should be a reality, to be enforced to the extent which the Admiralty may think proper. Your Committee learn that certain additions to, or changes in, the Regulations have been made in reference to this point.

Q. 1169. Q. 1173. Q. 1174–5. Q. 1178–9.

NAVAL DEFENCE ACTS, 1889 and 1893.

29. Your Committee noticed an expression in the Comptroller and Auditor General's Report, paragraph 8, to the effect, that in the Dockyard Shipbuilding Account, there remained an unappropriated balance of the statutory provision to the amount of 186,289*l*. That led them to inquire whether this sum is available or at the disposal of any spending authority, or if not, then what becomes of it. The Admiralty explain that the original estimate of the cost of dockyard-built ships under the Act of 1889 was 8,650,000*l*. There was a subsequent Act which authorised the Admiralty to expend up to a limit of 10,000,000*l*., but the result has been that the ships have been completed for less than this sum, and that consequently an unexpended sum of 186,289*l*. remains and will not be required. This expenditure was from the Navy Votes entirely, and the sum of 186,289*l*. has never been taken in the Votes; in other words this particular amount has never been voted, and the Admiralty never took the money, not finding it to be needed. Thus it is not an unappropriated balance in the sense of any balance that might have been dealt with, but only (in the words of the Comptroller and Auditor General) an unappropriated balance of the statutory provision.

Q. 1189. Q. 1190. Q. 1191. Q. 1196.

30. Your Committee learn, however, that the sum of 186,289*l*. is not final, and now stands in the accounts as 166,289*l*., according to the returns that have come in from the Yards, but the final account may not come in till next autumn, and there may yet be a fractional difference.

Q. 1206. Q. 1207.

General Remarks.

Progress in regard to Contract and Dockyard Vessels in the Five Years ended 31st March 1894.

31. Your Committee noticed the circumstance stated in paragraph 12 of the Comptroller and Auditor General's Report, to the effect that when the time for the completion of the ships was extended from an earlier to a later date—the contract-built vessels, with certain exceptions, were completed by the earlier date—but the dockyard-built ships were

Q. 1219.

were still in arrears on 31st March 1894, 16 only out of 38 ships having been completed on that date. Your Committee being disposed *primâ facie* to regard this as a result not favourable to the dockyards, inquired of the Admiralty, who replied that all the uncompleted ships were to be completed by 31st March 1895, a result which at the best would Q. 1220. seem to show some tardiness as compared with the contract system. It appears that the Controller of the Navy gave peremptory orders that the uncompleted ships were to be passed absolutely out of hand by the close of 1894–95, and the dockyard officers were informed that no expenditure could be charged against new construction under the heads of those ships after that date.

Comparison of Cost Results as between Vessels Built by Contract and in Her Majesty's Dockyards.

32. The Comptroller and Auditor General, in paragraph 13, draws attention to the fact that the comparative results in the accounts show dockyard shipbuilding to be more favourable financially in the case of one class of battleships as compared with another. This subject and other cognate subjects have been touched upon in other passages of the Comptroller and Auditor General's Report. Your Committee have in consequence made further reference to the Admiralty, and the general result may here be stated. The Comptroller and Auditor General desired from the Admiralty some explanation as to the differences between the cost of shipbuilding by contract as well as between the cost Q. 1451. of ships built in the several dockyards. This explanation was asked for, not so much for the sake of the Audit Department, but rather for the information of Parliament. There seems to have been doubt as to whether the Admiralty recognised the expediency of affording this information to the Audit Department. But your Committee are now glad to learn that the Admiralty attach importance to the question raised by the Comptroller and Auditor General, but before arriving at a conclusion as to the expediency or otherwise in the interests of the public service of furnishing the information asked for, desire to give the subject their careful consideration, which, owing to circumstances beyond their control, has not been possible up to the present time. They suggest that the question be deferred until the accounts up to 31st March 1895 Q. 1457. shall be completed, that is, practically until the end of the current year. The question, however, your Committee must observe relates not to the differences in cost, for those, approximately, are known already, but to the elucidation of the causes of such differences.

33. But as the Admiralty are considering the nature of the reply which should be sent to the Comptroller and Auditor General, and as there must always be the further Q. 1465. question as to how far the presenting of the explanations would conduce to the interests of the service, your Committee would refrain from pressing the case further at present, at least until the Admiralty shall have given their reply to the Comptroller and Auditor General's enquiries. But while thus showing every consideration for the Admiralty in respect of time, and recognising their high responsibility respecting the interests of the service, your Committee must hold that the Comptroller and Auditor General was within his duty and functions as a Parliamentary officer in asking for this explanation ; and that such explanation ought, if possible, to be rendered for the information of Parliament. In this explanation there are two main points: first, the difference in cost of ships built in the dockyards and under contract ; secondly, the difference between the cost of certain classes of ships built in one dockyard and those built in another. Your Committee consider that Parliament should be fully informed on the financial bearings of these affairs.

Ships taken over from Contractors prior to Completion of Contract Work on Shipbuilding.

34. In paragraph 14 the Comptroller and Auditor General reports that the Admiralty were asked whether the statement showing the financial effect of the earlier delivery of certain vessels in an incomplete condition had been prepared. They replied that the matter is still unsettled, as questions have arisen between the Admiralty and contractors in regard to some of the ships, which questions are at present *sub judice*. The Comptroller and Auditor General proceeds to say that, in consequence of this, the extent to which Purpose II. is charged with expenditure not strictly pertaining to it cannot be given.

35. The Admiralty explain to your Committee that in the case of certain contract- Q. 1235. built ships, the speedy completion of which was desirable, it became necessary that some

details of work, such as fitting torpedo tubes, should be done in the dockyards. The cost of such work was treated as pertaining to Purpose II., "completing contract-built ships in the dockyards." To this the consent of the Treasury was obtained. But in reference to this there are questions still unsettled as between the Admiralty and the contractors. Q. 1236. Until these shall be settled, and one of them appears to be important, the Admiralty cannot give a definite figure, and the extent to which Purpose II. is charged with expenditure not apparently belonging to it cannot be stated to the satisfaction of the Comptroller and Auditor General; so your Committee are not able to pursue the subject further at present.

Q. 1242. 36. Your Committee would add that the work done in the dockyards for contract-ships was not paid for separately out of the Navy Votes, but it was allowed for in the contract money. If, for example, the contract money for a ship amounted to 200,000*l.*, and a work done on its account in the dockyard amounted to 1,000*l.*, the contractor would, of course, be paid only 199,000*l.* Then the amount of rebate, 1,000*l.*, was charged to Purpose I. and not to Purpose II. This was done with Treasury authority.

IMPERIAL DEFENCE ACT, 1888, (NAVAL SECTION) (AUSTRALASIAN AGREEMENT).

37. Adverting to paragraph 3 of the Comptroller and Auditor General's Report, your Committee observe that, in reply to their Report of last year, the Treasury express a hope Q. 1243. that the proposal be accepted that a certain excess charge, 3,000*l.*, be adjusted, by Q. 1244. returning the excess issue of ammunition into store and charging the value to Vote 9. The Comptroller and Auditor General still bears in mind that this charge was in excess of the statutory amount, and practically infringed the Act. But as the matter has been Q. 1245. fully explained to Parliament, he thinks that the adjustment as proposed by the Treasury may be accepted. Your Committee concur.

STORE ACCOUNTS OF THE NAVY.

Dockyard Stores, Value of Stock, 31st March, 1894.

38. Your Committee notice certain figures in paragraph 1 of the Comptroller and Auditor General's Report, which caused them to make a special reference to the Admiralty. A further statement has been presented by the Admiralty to your Committee. But it can hardly be commented upon, inasmuch as there has not been time or opportunity for the Comptroller and Auditor General to consider it.

Q. 1473. 39. Meanwhile, it is observable that certain items under "Receipts," such as labour on manufactures, tend to keep up the nominal value, and not the quantity of stores. Such, indeed, appears to be the practice. The Labour Vote amounts to about 70,000*l.* In Q. 1476. such a case as hemp, for example, the raw material may be worth 1,000*l.*; by the time it has been turned into rope, through the expenditure of labour, it may be worth 2,000*l.* It is Q. 1478. not assessed according to the increased market value given to it. The value of the rope is represented by the cost of the hemp (by market prices) plus the amount of labour employed in turning it into rope. The return represents the estimated value of stores, and is not to be taken as an indication of quantity. And the Admiralty admit before your Committee that the heading of "Reduction of Stock due to Prices" would be better Q. 1484. rendered by the words "Reduction in the Value of Stock due to Prices."

Depletion of Sea Stores.

Q. 1274. 40. Your Committee notice that there has been an increased depletion of sea stores during the last three years, 41,000*l.* to 107,000*l.* The Admiralty explain that in 1894-95 Q. 1277. the amount is calculated to have been more than sufficient to meet the extra draw, 516,467*l.* for the year, so that there will be no further depletion.

Independent Surveys of Stock.

Q. 1280. 41. As regards the stocktaking, in his paragraph 4, the Comptroller and Auditor General reports that he is not yet informed how far the suggested change in the direction of greater independence of the central surveying officer commends itself to the Admiralty.

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He learns, however, that the matter is under the consideration of the Admiralty, and that a communication will be made to the Treasury at an early date. Your Committee find that the Admiralty confirm this, adding that they are only awaiting certain departmental changes. The Comptroller and Auditor General does not think that the matter can at this moment be pressed further, and so far your Committee concur. Q. 1281-3.

42. Your Committee learn that the stocktaking continues to be done as heretofore by officers of the Storekeeping Department. But as yet the stocktaking, by an independent branch of the Admiralty, is limited, and is done by three men only. The increase of the number is one of the points under immediate consideration. Q. 1285.

43. Meanwhile, your Committee note that, according to their proposal, the Admiralty have arranged that the Comptroller and Auditor General should apply such tests to the stocktaking as he may think desirable, and that orders have been issued to the several dockyards and naval establishments to this effect. Q. 1289.

Robbery of Metal Stores at Portsmouth in 1892.

44. In relation to this subject the Comptroller and Auditor General adverts in his paragraph 7 to the suggestion made in the Treasury Minute of 18 October 1894, that as a matter of precaution it might be desirable to periodically transfer the police from yard to yard. Information has been received from the Commissioner of the Metropolitan Police (under whom these dockyard police are) that no such periodical transfer has been arranged, but wherever it becomes known that any policeman has relatives in the yard he is immediately transferred. It is to be remembered that the duties of these police are limited; they are stationed to prevent peculation in kind, and cannot undertake to prevent any frauds that are carried out solely by falsifying the records, and it was by such falsification that the frauds known as the metal robberies were, in part at least, carried on. But where collusion between two or more officials becomes necessary for successful perpetration and articles are removed from the dockyard, then the police come in and may be very useful as a check. Q. 1301. Q. 1350.

45. Your Committee suggested to the Admiralty that a further reference be made to the Commissioner of Police. It is held by him that a constant and periodical interchange of officers and men would be objectionable from an administrative point of view. But no man is permitted to serve in a yard or in an establishment where he may have relatives in employment; in other words, when it is ascertained that a member of the force has relatives employed in the yard at which he is stationed, he is forthwith transferred to another yard. Q. 1354. Q. 1488.

46. Your Committee think that the departmental view in this matter must be accepted.

Local Safeguards against the improper Alteration, &c. of Dockyard Store Vouchers.

47. In his paragraph 9 the Comptroller and Auditor General reports that he has inquired of the Admiralty in what manner storekeepers in yards maintain a check upon the proper bringing to account of corresponding return vouchers, and satisfy themselves that no return notes have either been improperly altered or suppressed after leaving the hands of the yard officers returning the stores, and that he awaits the reply. The Admiralty now inform your Committee that they fully recognise the importance of these considerations. They have just completed their reply to the Comptroller and Auditor General, showing that recently a revised system had been established, whereby boxes are placed in various parts of the yard in which duplicate vouchers are placed. On this there follow various details into which your Committee need not now enter, as there has not yet been time for the Comptroller and Auditor General to study them, and as they have been in operation throughout the yards, with two exceptions, for less than three months. Hereafter, when the Comptroller and Auditor General shall have reported fully, the Public Accounts Committee will be able to judge. Q. 1368. Q. 1369. Q. 1378.

48. The exceptions are Chatham and Deptford. In the former, the superintendent is trying a plan of his own and the Admiralty await its trial. In the latter there are no returns, as it is in an intermediate stage between contractors and the foreign yards. Q. 1387.

Foreign Yards—Test of Accounts.

49. Your Committee notice the delay in the forwarding of accounts from Coquimbo. Q. 1388. It appears that these relate to a single ship only, and that steps have been taken to expedite the transmission of accounts from this distant and outlying place.

Delay in rendering Store Accounts of Her Majesty's Ships for Audit.

Q. 1392. 50. It appears from paragraph 11 of the Comptroller and Auditor General's Report, Q. 1394. that further arrangements have been needed for obviating the delays in passing ships Q. 1398. store accounts for audit, delays sometimes extending over four years. The Director of Stores has now sent a reply, which is accepted by the Comptroller and Auditor General as satisfactory, and from which he hopes that such delays will not recur. Your Committee have impressed this view on the officers concerned.

Abstracts of Losses and Condemnation of Victualling Stores.

Q. 1401. 51. In reference to this, your Committee observe a phrase "losses due to exigencies of the service." It appears that this covers everything save exceptional losses, that is to say, waste and loss on issue and condemnations of all sorts and kinds all over the world. It does not cover loss by fraud or robbery, which have to be specially mentioned in the Q. 1402. Return.

Store Accounts of the Royal Observatory, Greenwich.

Q. 1406. 52. The Comptroller and Auditor General, in his paragraph 16, states that owing to the lateness of the date at which the Accounts were placed at his disposal, they could not be dealt with satisfactorily as part of the Accounts of 1893–94. It appears, however, that there has been rebuilding and re-shifting which caused temporary difficulty in Q. 1412. rendering the Store Accounts, and that such difficulty will probably not recur.

Naval Ordnance Stores.

Q. 1413. 53. Your Committee notice that there has been some delay in the valuation of these stores, which delay has been explained.

NAVY (DOCKYARD EXPENSE AND MANUFACTURING ACCOUNTS).

Examination of Home Yard Accounts.

54. In his paragraph 1, the Comptroller and Auditor General virtually enquires whether an officer has been appointed by the Admiralty to conduct the test comparison of stock valuation and store ledgers, a check which has been approved by the Public Accounts Committee, and of which the value has been recognised by the Treasury. Your Committee learn that this officer has been appointed, and is at work, comparing the Q. 1416. results of the quantity and value ledgers.

Cost Accounts of Shipbuilding in Her Majesty's Dockyards.

Q. 1421 55. In his paragraph 6, the Comptroller and Auditor General adverts to the Cost Accounts of certain ships, which have not yet been finally passed by the Admiralty, so that they may be criticised in the Audit Department. Your Committee learn that these Accounts, being the first received under the new regulations, have required longer examination than usual, necessitating even some modifications of the regulation. The Q. 1425 Admiralty rightly desired to trace the difference of cost in building in the different dockyards, and by a division of the expenditure into groups to aid the technical officers in examining the expenditure. They are now nearly complete, and will be immediately handed over. And so far the Comptroller and Auditor General appears to be satisfied. Your Committee have no further remark to make at present.

Outcome

Outcome of the Accounts as regards Programme and Performance in 1893–94. New Construction Dockyard Work.

56. The Comptroller and Auditor General in his paragraph 7 raises under this heading the same question as that upon which your Committee have already touched in reference to the Comptroller and Auditor General's paragraph 13, regarding the comparative results of shipbuilding of various classes, and under various circumstances. Thus no further remark seems necessary here. Q. 1431.

NAVY (VICTUALLING YARD MANUFACTURING ACCOUNTS).

57. Your Committee have inquired of the Admiralty regarding the abnormally high cost of biscuit at Malta, as noticed in paragraphs 4 and 5 of the Comptroller and Auditor General's Report. It appears that the cause was the exceptionally high prices of wheat which prevailed in 1891 and 1892, a circumstance which indeed is not likely to recur. Subsequently these prices have fallen, and the cost of the biscuit production has decreased accordingly. Your Committee observe that the military authorities in the island buy the wheat for the Navy; they are the largest consumers of wheat there, and it was thought better not to have the two branches of the service competing with one another. Q. 1434. Q. 1441.

GREENWICH HOSPITAL AND TRAVERS' FOUNDATION.

58. There is no point raised in the Comptroller and Auditor General's Report, and he advises your Committee that there is nothing to call for inquiry. Q. 1449. Q. 1450.

27 *June* 1895.

PROCEEDINGS OF THE COMMITTEE.

Wednesday, 12th June 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Hanbury.	Sir Arthur Hayter.
Sir John Hibbert.	Sir John Gorst.
Mr. Arthur O'Connor.	Mr. Bartley.
Mr. Thornton.	Mr. Buchanan.

The Civil Service Appropriation Accounts were further considered.

Sir *Charles Ryan*, K.C.B.; Sir *Edward Hamilton*, K.C.B.; Mr. *William Tucker*, Major-General Sir *J. F. D. Donnelly*, K.C.B.; and Mr. *Henry Craik* were examined.

[Adjourned till Wednesday next at Two o'clock.

Wednesday, 26th June 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Hanbury.	Sir John Hibbert.
Mr. Mowbray.	Sir John Gorst.
Mr. Arthur O'Connor.	Sir Arthur Hayter.
Mr. Arthur Williams.	Mr. Thornton.

DRAFT THIRD REPORT, proposed by the *Chairman*, read the first time, as follows:—

"NAVY APPROPRIATION ACCOUNT, 1893–94.

"1. Your Committee observe with satisfaction that, in reference to an outstanding question regarding the inspection of stores, the Admiralty accept the inspection of the Director of Artillery, War Office, as their agent, and further accept the responsibility for such inspection to the same extent as if it were conducted by their own officers. This is final, and is in accordance with the wishes of the Public Accounts Committee, and the Treasury is satisfied therewith.

Q. 870.
Q. 871.
Q. 873.

"APPROPRIATION IN AID.

"COST OF MAINTENANCE OF THE AUSTRALIAN SQUADRON.

"2. Your Committee observe that while the fixed payment from the colonies amounts to 91,000*l.* annually for a term of ten years, the cost of maintenance for which the Admiralty is liable under the agreement, and which is under the control of the Admiralty also, is increasing; it stood at 110,000*l.* in 1892–93, and has risen to 126,000*l.* in 1893–94. Your Committee have been unable to ascertain from the Admiralty any particular explanation of the excess of expenses over contributions. The excess is said to be of that nature that cannot be exactly estimated beforehand, and is never exactly known until all the accounts have come in; it depends partly on the orders given by the Admiral on the station regarding the movements of ships necessitating the expenditure of coal and so forth. But there has been an increase of charge under Victualling which is not fully explained.

Q. 874.
Q. 895
Q. 906.

"3. Your Committee has endeavoured to impress on the authorities concerned the importance of keeping down the cost of maintenance to a point approximating the contribution. An explanatory paper by the Admiralty will be found in the Appendices (*vide* No. 9).

Q. 915

"NEW SUB-HEAD.

"4. In this place your Committee's notice has been drawn to the cost of three vessels for service on Lake Nyassa, under Sub-Head B. It is now finally understood that these boats are handed over to the British Central Africa Protectorate with their armaments and stores, as the property of the Protectorate, and after the financial year 1894–95 no further expenditure relating to these vessels will be thrown upon the naval funds. Your Committee regard this as satisfactory. Q. 912–914.

"5. Under Sub-Head A., your Committee notice that for the raising of the stranded warship "The Howe," the main item was the sum of 35,000*l.* paid to the Salvage Company, and 809*l.* paid in gratuities to Spanish officials; besides which there were many other items in detail, some of which have been settled in the accounts of previous years. By this time all the details of the accounts have been settled, and your Committee have received from the Admiralty a summary of the total cost of this important operation, amounting to 44,435*l.* 15*s.*, which will be found in the Appendices (*vide* No. 8). Q. 928. Q. 928.

"NET DEFICIT ON THE APPROPRIATION ACCOUNT.

"6. In paragraph 8 of the Comptroller and Auditor General's Report there stands the sum of 49,519*l.* 9*s.* 2*d.* as the Net Deficit on the whole Account of over 15 millions. This sum has already been mentioned in your Committee's First Report, together with the particular causes to which the Admiralty attributed the deficit. The Report of the Comptroller and Auditor-General was not then before your Committee. But having now considered the paragraph 8 of that Report, and taken evidence thereon, your Committee deem it necessary to make the following observations on the manner in which the deficit has been accounted for.

"7. In February 1894 materials were ordered to the value of about 60,000*l.* for delivery and payment before 31st March, Treasury sanction being obtained, as the expenditure had not been provided for in the estimates of the year. This unestimated expenditure might, it was thought, be incurred without passing the limit of the Parliamentary grants of the year. At the time the calculations left, after this expenditure, only a narrow margin of 1,200*l.* on the grand total of 15 millions. Thus the Admiralty proposed at the end of the year to purchase stores which would be wanted for the next year, and represented to the Treasury that there would be money enough for the purpose. But ultimately it turned out that there was not money enough. Your Committee must observe that this proposal was somewhat unusual and irregular, and that the Admiralty was specially bound to make sure that there would be a supply sufficient to meet the proposed expenditure. They concur with the Comptroller and Auditor General's remark to the effect that where it is proposed to use anticipated but unrealised savings of one year in order to make purchases provided for in another year, it should be abundantly clear that no deficit can arise. Doubtless the Admiralty did their best to assure themselves beforehand; still the calculation failed, and the unavoidable uncertainty of such calculations is an additional reason against such a proposal as this. Q. 938. Q. 945. Q. 943. Q. 948.

"8. Instead of a narrow margin of 1,200*l.* in the expectation there resulted a deficit or excess of 49,000*l.* And your Committee proceed to consider the reasons adduced by the Admiralty for that, namely, a deficiency in receipts (Appropriations in Aid) expected from India, and the loss of the cash that went down with the Victoria. The question at once arises why should the Admiralty select these two items to account for a deficit or excess on the grand total of 15 millions? In the first place there were general objections to singling out any items from this great account, and saying that to them in particular the deficit was attributable. The deficit was upon the whole account. But to the selection of these two items there were special objections. When this matter arose in February 1894, it was known that a considerable sum had been lost in the Victoria, which had gone down some months previously, and that there would be a deficiency from the contribution from India. The Admiralty rejoin that the exact amounts of these two items were not known in February 1894. Still they were known (and ought to have been taken into calculation) when the Admiralty represented to the Treasury that there would be a surplus. The Admiralty seem to offer as some explanation the fact that out of the 60,000*l.* already mentioned a sum of only 29,000*l.* was expended; but if this meant as explanation your Committee could not regard it as adequate. In order to do justice to the Admiralty as much as possible your Committee would add that a part of the excess is made up of the sum of 12,000*l.*, which was expended under Vote 9, not altogether for Admiralty purposes, but rather for the purpose of keeping the men employed at the Ordinance Factories. It might be said that this was a policy imposed on them by the central authority in consequence of the position of the Factory workmen. After giving due weight to this, your Committee do not find that it would materially affect their view of the whole case. Q. 948. Q. 942. Q. 1022.

"9. The Treasury explain to your Committee that these two items—Indian contribution and cash in Victoria—were indeed known quite well when the forecast was made in February and March of 1894. On consideration, they do not say that the Admiralty, strictly speaking, is entitled to attribute the deficit to the two particular causes above mentioned. There was the whole Appropriation Account before Parliament at the time, giving the surpluses and deficit on all the Navy Votes. It was no easy matter for the Admiralty to single out specific causes for the net deficit. That deficit was really the result of a great number of causes. Further, the Treasury explain to your Committee that, in their opinion, if the Admiralty found it necessary to state why the forecast was beside the mark, their best answer would have been, first, that they thought Vote 2 (the Victualling Vote) would have been sufficiently equipped in March, but it really showed a deficit of over 40,000*l.*; and, secondly, as regards Vote 10 (the Works Vote), they Q. 958. Q. 959. Q. 960.

thought it would show a small surplus, it really showed a deficit. These would, in their opinion, have been good and true reasons; and both the Votes in question are large ones. Your Committee then inquired why these reasons were not assigned, instead of the two inferior reasons, to which exception has been already taken; and the Treasury put the explanation thus: When the Admiralty came to prepare an Excess Vote for presentation to Parliament, then, inasmuch as Parliament was already seized of the Appropriation Accounts, they had to think of the two simplest explanations that could be given to Parliament—first, of the net excesses upon gross Votes, and, secondly, of the fallings off in Appropriations in Aid. In respect to the latter, the short payment from India was obvious. In respect to the former, the Admiralty would have had great difficulty in connecting the excess with the two great Votes of Victualling and Works, without going into all the details of the Appropriation Account. Therefore they singled out a particular service which was entirely unprovided for in the original Estimate, which was a specific and easily identifiable service, and which happened to very nearly correspond with the net excess; and that was the loss of cash in the "Victoria." The Treasury now think that such an explanation as this must be held to be deficient, but they had no opportunity of expressing an opinion on its adequacy at the time.

"10. The Admiralty gave to your Committee the simple reason that it would have complicated the matter before the House of Commons if a long statement had to be presented of excesses and surpluses. The Comptroller and Auditor General informs your Committee that he thinks these two items should not be given as the causes of the excess, unless with them was furnished an explanatory paper showing clearly to what other causes it might be attributed.

"11. In their First Report your Committee had not the means of entering upon the sufficiency of the two specific reasons offered by the Admiralty. Having now considered these fully, your Committee is obliged to hold that, financially, they are neither valid nor sufficient. The full reasons ought to have been presented to Parliament, even though the explanation had been complex and lengthy. Further, your Committee considers that the application or proposal made by the Admiralty for incurring the unestimated expenditure of 60,000*l.* at the end of one year, in order to relieve the Votes of the coming year, was, in itself, open to grave objection, unless clearly sustained by a practically assured surplus; and there was not any adequate assurance of such a surplus.

"12. In reference to this, your Committee have considered the question whether a Supplementary Estimate ought not to have been presented, and whether the Treasury do not share with the Admiralty the responsibility for acting on the forecast of a small surplus without insisting on such Supplementary Estimate. The fact is, however, that there was not time for this; the information came to the Treasury during March, not before 21st, when it was too late to present a Supplementary Estimate. But that the Treasury acknowledge the need of a Supplementary Estimate in such a case as this is clear from their letter (p. 135), where they write: 'When my Lords compare these figures with the forecast of the out-turn of the Navy Votes for 1893-94, which showed an estimated net surplus of 1,200*l.* only, and when they remember the various items of excess expenditure that they sanctioned during the year upon the assurance of the Board of Admiralty that no net deficit would be incurred on the total of Navy Votes, they feel that the Admiralty placed too much reliance on so narrow an estimate. Whenever the margin of provision over an expenditure of 15 millions can only be estimated at a few hundred pounds, it would be much safer to present a Supplementary Estimate.'

"13. Your Committee concur in this view, and regret that some such course was not taken.

"Excess Expenditure under Sub-Head M., Clothing.

"14. Under Vote 2 there is an excess (20,000*l.*) attributed mainly to the new system of making up boys' clothing. The Comptroller and Auditor General asked for further explanation which had not been rendered up to the date of his Report, as shown in his paragraph 9. The Victualling Department have now explained to your Committee that the excess was due not so much to the immediate effects of the change of system as to the circumstances connected with the change. The assimilation of boys' clothing to that worn by men was postponed until the new contracts were completed in 1892. To bring the new patterns into use as quickly as possible after the completion of the new contracts, the stock of the old patterns which had to be used up was kept as low as conveniently possible. It was not possible to say how long the old stock would last, and, consequently, to what extent, it would affect the making up of clothes of the new pattern, particularly as the ships were then authorised to keep up a large reserve of made-up clothes. In the event, it turned out that the expenditure was under-estimated. This was one of the after effects of the overhauling of the seamen's clothing and the introduction of the new pattern. It was not only the change of system for making up, but the introduction of new patterns at the same time which produced the uncertainty.

"15. The Comptroller and Auditor General and the Treasury express themselves as sufficiently satisfied with this explanation, combined with certain explanations which have been given intermediately by the Admiralty; and your Committee concur.

"16. Your Committee observe that of the 20,000*l.*, about 15,000*l.* may be thus explained, and that the change of system may be described in this wise. In the first place, there was a change of patterns. Secondly, under the old system nothing but material was drawn and accounted for on board the training ships, and then by a private arrangement (that is to say, private so far as the Admiralty is concerned) carried out by the paymaster under the captain at the port, these things were

were sent to contractors and made up into clothes and issued to the boys. The quantity of stuff used for the clothes was charged against the boy, plus the cost of making up. It was then considered a much more satisfactory arrangement that the contractor should buy from the Victualling Department the cloth to make up into clothes and pay the Department for that, and then resell the garments to the Department. Approximately, this involved the expenditure of 15,000*l.*, but the money comes back afterwards from the boys. It happened that the quantities of these things had become very low on board the ships owing to the wish of the Department to use them up before bringing in the new patterns. Q. 1041.

"FIGURES RELATING TO CREDITS UNDER SUB-HEAD M. NOW SUPPLIED IN APPROPRIATION ACCOUNT.

"17. The Comptroller and Auditor General, in paragraph 10, objects to the exceptional arrangement which allows of credits to a debit sub-Head instead of Appropriations in Aid, which may increase the spending power of a sub-Head. The Admiralty inform your Committee that at the end of the financial year 1895–96 they are prepared to meet the views of the Comptroller and Auditor General and credit the money under Appropriations in Aid; and with this the Comptroller and Auditor General is satisfied. He adds that he has always felt an objection to the system of credits to debit sub-Heads as they increase the spending power of a department, and unless they are absolutely unavoidable they are in principle wrong. In this your Committee concur. Q. 1045. Q. 1047. Q. 1048.

"PERSONNEL (DOCKYARDS).

"18. The Comptroller and Auditor General furnished a statement comparing the wages at the Naval Yard at Hong Kong with those paid by a local dock company, which statement has been referred to the commodore, whose reply is still awaited. So nothing further can be said at this moment. Q. 1052.

"WAR OFFICE CLAIM IN RESPECT TO PRODUCTIONS AT THE ORDNANCE FACTORIES.

"19. The Comptroller and Auditor General inquired of the Admiralty what was being done with certain articles not traced. Explanation has been given which practically admits the contention that the Admiralty should look after these articles, and that they will do so if they find that they have not got them. The Comptroller and Auditor General appears to be satisfied with this for the present. Q. 1054. Q. 1055.

"VOTE 10.—TRANSFERS OF STORES BETWEEN ITEMS OF WORK AND SUITABILITY OF PRESENT FORM OF VOTE FOR EXISTING REQUIREMENTS.

"20. Under this head there has been some discussion before your Committee regarding the existing form of Vote 10 (Works). The Comptroller and Auditor General thinks that, looking to the extension of the works and the work that will have to be done under the Naval Loan Fund, it is desirable that there should be a recasting of this Vote. This would involve a recasting of the Estimates. The Treasury are prepared to give their best consideration to the suggestion. It is to be remarked, however, that after a long correspondence, some time ago the Navy Works Vote was brought on to the same lines as those for the Army. If then, the Navy Works Vote is to be again altered, there would be a question whether that for the Army could be made approximately uniform. Further, if this be done for the Army and Navy Votes, it ought perhaps to be extended to the English and Irish Civil Works Vote; and all this would cause some additional expense. Still, the Comptroller and Auditor General advocates this for the sake of Parliamentary control. The House of Commons would get a closer grip upon the affairs by having a division between labour and material, and by seeing whether the Executive work up to the total of the programme, which could be seen more clearly than it can be now, when the charge is all under one head without a division. Your Committee think that this matter deserves that early consideration which it is understood to be actually receiving from the departments concerned. Q. 1061. Q. 1062. Q. 1063. Q. 1069.

"VOTE II.—MISCELLANEOUS SERVICES.

"21. The Comptroller and Auditor General has called attention to the damage done to colliers in coaling Her Majesty's ships as being very expensive. Your Committee learn that the Admiralty are duly alive to this, and have to obtain the necessary sanction to each payment that may arise on this account in the way of compensation or otherwise. They represent that the risk of damage must be incurred, as the ships must sometimes be coaled in stress of weather, despite all the care that can be taken to avoid this necessity.

"CLAIM ABANDONED IN RESPECT OF PENSION FRAUDULENTLY DRAWN.

"22. Your Committee find on inquiry that the fraud was accomplished by forgery, the widow forging her deceased husband's name. It appears that the Admiralty have adopted all the precautions practicable with so many thousand pensioners scattered over the world, without incurring an expense unduly large in proportion to the object in view. A system slightly different prevails in the War Department, but this does not seem to suit the varying circumstances of the Admiralty. Q. 1107. Q. 1112. Q. 1118.

"General.

"Royalties on certain Manufactures for Naval Services at the Ordnance Factories in 1893–94, excluded from Navy Accounts of that Year.

"23. In his paragraph 25 the Comptroller and Auditor General remarks that the War Office have merged the royalties on certain manufactured articles in the cost price for 1893–94, and the amount forms part of the credit to Appropriation in Aid, Ordnance Factories Vote for that year (1893–94), and that it would be more proper for the Admiralty to have dealt with the complete charge for the articles in the Navy Accounts for the same year. The Admiralty now agree that this should be done in future, and the Comptroller and Auditor General is so far satisfied.

Q. 1119.
Q. 1120.

"24. Your Committee observe that there is a liability debit in the Ordnance Factory Accounts for amounts chargeable in 1893–94 remaining unpaid, amounting to 28,000*l.*, which amount would cover the royalties in question.

Q. 1125.
Q. 1126.

"Claim upon the Colonial Office in Connection with a Punitive Expedition on the River Gambia.

"25. In his paragraph 26 the Comptroller and Auditor General adverts to the question whether a statement should be furnished to Parliament of the extra cost incurred by the Admiralty in a punitive expedition on the Gambia. It appears that in similar cases the War Office do append to their Appropriation Account statements of the extra expenditure incurred on the numerous military expeditions which are undertaken in all parts of the world. The Treasury think that, so far as practicable, a corresponding course should be pursued by the Admiralty; and on the other hand the Admiralty rejoin that there would be great difficulty in presenting a statement of the cost of the coal, which is the largest item in the expenditure, also of the telegrams. But they can append a statement of all the rest of the expenses. And your Committee recommend that this be done in all cases of this description.

Q. 1128.
Q. 1130.
Q. 1131.
Q. 1137.

"26. The Admiralty give a further reason for having some rule as set forth above, in that it may be necessary or desirable to claim some contribution in the event of such expedition being undertaken for the sake of a colony. In this case a portion of the expense was recovered from the Gambia.

Q. 1138.

"Loss owing to the Defalcations of a Paymaster.

"27. There were certain defalcations by the paymaster of H.M.S. Nymphe, the cash account having been falsified. The commanding officer was held by the Admiralty to have failed in carrying out the Regulations, which prescribe the examination by him of the balances from time to time; that is, he had not done this with sufficient precision and exactitude. The Regulations are explicit on the subject, and the case was dealt with as a matter of discipline. The commanding officer is entitled to call in officers to assist him in this work; still he is held responsible for the examination; as a rule he does the work himself, and does not cast the responsibility on anyone else.

Q. 1140.
Q. 1146.
Q. 1161.
Q. 1165.

"28. Hereon the Treasury have contended that in cases where loss by fraud of a subordinate has occurred, and where the commanding officer is found to have failed in taking due precautions, he incurs a pecuniary as well as a disciplinary liability; in other words, a penalty may be added and a part of the loss may be recovered from him. The question has been discussed between the Treasury and the Admiralty, the substance of which has been before your Committee, and it appears that the Admiralty admit the above contention. This accords with the view of the Comptroller and Auditor General, who states that the pecuniary responsibility should be a reality, to be enforced to the extent which the Admiralty may think proper. Your Committee learn that certain additions to, or changes in, the Regulations have been made in reference to this point.

Q. 1169.
Q. 1173.
Q. 1175.
Q. 1178-9.

"NAVAL DEFENCE ACTS, 1889 AND 1893.

"29. Your Committee noticed an expression in the Comptroller and Auditor General's Report, paragraph 8, to the effect, that in the Dockyard Shipbuilding Account, there remained an unappropriated balance of the statutory provision to the amount of 186,289*l.* That led them to inquire whether this sum is available or at the disposal of any spending authority, or if not, then what becomes of it. The Admiralty explain that the original estimate of the cost of dockyard-built ships under the Act of 1889 was 8,650,000*l.* There was a subsequent Act which authorised the Admiralty to expend up to a limit of 10,000,000*l.* but the result has been that the ships have been completed for less than this sum, and that consequently an unexpended sum of 186,289*l.* remains and will not be required. This expenditure was from the Navy Votes entirely, and the sum of 186,289*l.* has never been taken in the Votes; in other words, this particular amount has never been voted, and the Admiralty never took the money, not finding it to be needed. Thus it is not an unappropriated balance in the sense of any balance that might have been dealt with, but only (in the words of the Comptroller and Auditor General) an unappropriated balance of the statutory provision.

Q. 1189.
Q. 1190
Q. 1197.

"30. Your Committee learn, however, that the sum of 186,289*l.* is not final, and now stands in the accounts as 166,289*l.*, according to the returns that have come in from the Yards, but the final account may not come in till next autumn and there may yet be a fractional difference.

Q. 1206.
Q. 1207.
Q. 1208.

"31. Your

"31. Your Committee noticed the circumstance stated in paragraph 12 of the Comptroller and Auditor General's Report, to the effect that when the time for the completion of the ships was extended from an earlier to a later date (the contract-built vessels, with certain exceptions, were completed by the earlier date) but the dockyard-built ships were still in arrears on 31st March 1894, 16 only out of 38 ships having been completed on that date. Your Committee being disposed, *primâ facie*, to regard this as a result not favourable to the dockyards, inquired of the Admiralty, who replied that all the uncompleted ships were to be completed by 31st March 1895, a result which at the best would seem to show some tardiness as compared with the contract system. It appears that the Controller of the Navy gave peremptory orders that the uncompleted ships were to be passed absolutely out of hand by the close of 1894-95, and the dockyard officers were informed that no expenditure could be charged against new construction under the heads of those ships after that date. Q. 1219. Q. 1220.

"32. The Comptroller and Auditor General, in paragraph 13, draws attention to the fact that the comparative results in the accounts show dockyard shipbuilding to be more favourable financially in the case of one class of battleships as compared with another. This subject and other cognate subjects have been touched upon in other passages of the Comptroller and Auditor General's Report. Your Committee have in consequence made further reference to the Admiralty, and the general result may here be stated. The Comptroller and Auditor General desired from the Admiralty some explanation as to the differences between the cost of shipbuilding by contract, as well as between the cost of ships built in the several dockyards. This explanation was asked, for, not so much for the sake of the Audit Department, but rather for the information of Parliament. There seems to have been doubt as to whether the Admiralty recognised the expediency of affording this information to the Audit Department. But your Committee are now glad to learn that the Admiralty attach importance to the question raised by the Comptroller and Auditor General, but before arriving at a conclusion as to the expediency or otherwise in the interests of the public service of furnishing the information asked for, desire to give the subject their careful consideration, which, owing to circumstances beyond their control, has not been possible up to the present time. They suggest that the question be deferred until the accounts up to the 31st March 1895 shall be completed, that is, practically until the end of the current year. The question, however, your Committee must observe relates not to the differences in cost, for those, approximately, are known already, but to the elucidation of the causes of such differences. Q. 1451. Q. 1457.

"33. But as the Admiralty are considering the nature of the reply which should be sent to the Comptroller and Auditor General, and as there must always be the further question as to how far the presenting of the explanations would conduce to the interests of the service, your Committee would refrain from pressing the case further at present, at least until the Admiralty shall have given their reply to the Comptroller and Auditor General's inquiries. But while thus showing every consideration for the Admiralty in respect of time, and recognising their high responsibility respecting the interests of the service your Committee must hold that the Comptroller and Auditor General was within his duty and functions as a Parliamentary officer in asking for this explanation; and that such explanation ought, if possible, to be rendered for the information of Parliament. In this explanation there are two main points: first, the difference in cost of ships built in the dockyards and under contract; secondly, the difference between the cost of certain classes of ships built in one dockyard and those built in another. Your Committee consider that Parliament should be fully informed on the financial bearings of these affairs. Q. 1465.

"Ships taken from Contractors prior to Completion of Contract Work on Shipbuilding.

"34. In paragraph 14 the Comptroller and Auditor General reports that the Admiralty were asked whether the statement showing the financial effect of the earlier delivery of certain vessels in an incomplete condition had been prepared. They replied that the matter is still unsettled, as questions have arisen between the Admiralty and contractors in regard to some of the ships, which questions are at present *sub judice*. The Comptroller and Auditor General proceeds to say that, in consequence of this, the extent to which Purpose II. is charged with expenditure not strictly pertaining to it cannot be given.

"35. The Admiralty explain to your Committee that in the case of certain contract-built ships, the speedy completion of which is desirable, it became necessary that some details of work, such as fitting torpedo tubes, should be done in the dockyards. The cost of such work was treated as pertaining to Purpose II., "Completing contract-built ships in the dockyards." To this the consent of the Treasury was obtained. But in reference to this there are questions still unsettled as between the Admiralty and the contractors. Until these shall be settled, and one of them appears to be important, the Admiralty cannot give a definite figure, and the extent to which Purpose II. is charged with expenditure not apparently belonging to it cannot be stated to the satisfaction of the Comptroller and Auditor General; so your Committee are not able to pursue the subject further at present. Q. 1235. Q. 1236.

"36. Your Committee would add that the work done in the dockyards for contract ships was not paid paid for separately out of the Navy Votes, but it was allowed for in the contract money. If, for example, the contract money for a ship amounted to 200,000*l.*, and a work done on its account in the dockyard amounted to 1,000*l.*, the contractor would, of course, be paid only 199,000*l.* Then the amount of rebate, 1,000*l.*, was charged to Purpose I. and not to Purpose II. This was done with Treasury authority. Q. 1242.

"IMPERIAL DEFENCE ACT, 1888 (NAVAL SECTION) (AUSTRALASIAN AGREEMENT).

"37. Adverting to paragraph 3 of the Comptroller and Auditor General's Report, your Committee observe that, in reply to their Report of last year, the Treasury express a hope that the
Q. 1243. proposal be accepted that a certain excess charge, 3,000*l.*, be adjusted by returning the excess issue of ammunition into store and charging the value to Vote 9. The Comptroller and Auditor General still bears in mind that this charge was in excess of the statutory amount, and practically infringed
Q. 1245. the Act. But, as the matter has been fully explained to Parliament, he thinks that the adjustment as proposed by the Treasury may be accepted. Your Committee concur.

"STORE ACCOUNTS OF THE NAVY.

"Dockyard Stores, Value of Stock, 31st March 1894.

"38. Your Committee notice certain figures in paragraph 1 of the Comptroller and Auditor General's Report, which caused them to make a special reference to the Admiralty. A further statement has been presented by the Admiralty to your Committee. But it can hardly be commented upon, inasmuch as there has not been time or opportunity for the Comptroller and Auditor General to consider it.

Q. 1473. "39. Meanwhile, it is observable that certain items under "Receipts," such as labour on
Q. 1476. manufactures, tend to keep up the nominal value, and not the quantity of stores. Such, indeed, appears to be the practice. The Labour Vote amounts to about 70,000*l.* In such a case as hemp, for example, the raw material may be worth 1,000*l.*; by the time it has been turned into rope, through the expenditure of labour, it may be worth 2,000*l.* It is not assessed according to the
Q. 1478. increased market value given to it. The value of the rope is represented by the cost of the hemp (by market prices) plus the amount of labour employed in turning it into rope. The return represents the estimated value of stores, and is not to be taken as an indication of quantity. And
Q. 1484. the Admiralty admit before your Committee that the heading of "Reduction of Stock due to Prices" would be better rendered by the words "Reduction in the Value of Stock due to Prices."

"Depletion of Sea Stores.

Q. 1274. "40. Your Committee notice that there has been an increased depletion of sea stores during the last three years, 41,000*l.* to 107,000*l.* The Admiralty explain that in 1894-95 the amount is
Q. 1277. calculated to have been more than sufficient to meet the extra draw, 516,467*l.* for the year, so that there will be no further depletion.

"Independent Surveys of Stock.

Q. 1280. "41. As regards the stocktaking, in his paragraph 4 the Comptroller and Auditor General reports that he is not yet informed how far the suggested change in the direction of greater independence of the central surveying officer commends itself to the Admiralty. He learns, however, that the matter is under the consideration of the Admiralty, and that a communication will be made to the Treasury at an early date. Your Committee find that the Admiralty confirm
Q. 1280. this, adding that they are only awaiting certain departmental changes. The Comptroller and Auditor
Q. 1283. General does not think that the matter can at this moment be pressed further, and so far your Committee concur.

Q. 1285. "42. Your Committee learn that the stocktaking continues to be done as heretofore by officers of the Storekeeping Department. But as yet the stocktaking, by an independent branch of the Admiralty, is limited, and is done by three men only. The increase of the number is one of the points under immediate consideration.

Q. 1280. "43. Meanwhile your Committee note that, according to their proposal, the Admiralty have arranged that the Comptroller and Auditor General should apply such tests to the stocktaking as he may think desirable, and that orders have been issued to the several dockyard and naval establishments to this effect.

"Robbery of Metal Stores at Portsmouth.

"44. In relation to this subject, the Comptroller and Auditor General adverts in his
Q. 1301. paragraph 7 to the suggestion made in the Treasury Minute of 18th October 1894, that as a matter of precaution it might be desirable to periodically transfer the police from yard to yard. Information has been received from the Commissioner of the Metropolitan Police under whom these dockyard police are) that no such periodical transfer has been arranged, but wherever it becomes known that any policeman has relatives in the yard, he is immediately transferred. It is to be remembered that the duties of these police are limited: they are stationed to prevent
Q. 1350. peculation in kind, and cannot undertake to prevent any frauds that are carried out solely by falsifying the records, and it was by such falsification that the frauds known as the metal robberies were, in part at least, carried on. But where collusion between two or more officials becomes necessary for successful perpetration and articles are removed from the dockyard, then the police come in and may be very useful as a check.

"45. Your

"45. Your Committee suggested to the Admiralty that a further reference be made to the Commissioner of Police. It is held by him that a constant and periodical interchange of officers and men would be objectionable from an administrative point of view But no man is permitted to serve in a yard or in an establishment where he may have relatives in employment; in other words, when it is ascertained that a member of the force has relatives employed in the yard at which he is stationed, he is forthwith transferred to another yard. Q. 1354. Q. 1488.

"46. Your Committee think that the departmental view in this matter must be accepted.

"LOCAL SAFEGUARDS AGAINST THE IMPROPER ALTERATION OF DOCKYARD STORE VOUCHERS.

"47. In his paragraph 9 the Comptroller and Auditor General reports that he has inquired of the Admiralty in what manner storekeepers in yards maintain a check upon the proper bringing to account of corresponding return vouchers, and satisfy themselves that no return notes have either been improperly altered or suppressed after leaving the hands of the yard officers returning the stores, and that he awaits the reply. The Admiralty now inform your Committee that they fully recognise the importance of these considerations. They have just completed their reply to the Comptroller and Auditor General, showing that recently a revised system had been established, whereby boxes are placed in various parts of the yard, in which duplicate vouchers are placed. On this there follow various details, into which your Committee need not now enter, as there has not yet been time for the Comptroller and Auditor General to study them, and as they have been in operation throughout the yards, with two exceptions, for less than three months. Hereafter, when the Comptroller and Auditor General shall have reported fully, the Public Accounts Committee will be able to judge. Q. 1368. Q. 1369. Q. 1376.

"48. The exceptions are Chatham and Deptford. In the former, the Superintendent is trying a plan of his own, and the Admiralty await its trial. In the latter, there are no returns, as it is in an intermediate stage between contractors and the foreign yards. Q. 1387.

"FOREIGN YARDS—TEST OF ACCOUNTS.

"49. Your Committee notice the delay in the forwarding of accounts from Coquimbo. It appears that these relate to a single ship only, and that steps have been taken to expedite the transmission of accounts from this distant and outlying place. Q. 1388.

"DELAY IN RENDERING STORE ACCOUNTS OF HER MAJESTY'S SHIPS FOR AUDIT.

"50. It appears from paragraph 11 of the Comptroller and Auditor General's Report, that further arrangements have been needed for obviating the delays in passing ships store accounts for audit, delays sometimes extending over four years. The Director of Stores has now sent a reply, which is accepted by the Comptroller and Auditor General as satisfactory, and from which he hopes that such delays will not recur. Your Committee have impressed this view on the officers concerned. Q. 1392. Q. 1398.

"ABSTRACTS OF LOSSES AND CONDEMNATION OF VICTUALLING STORES.

"51. In reference to this, your Committee observe a phrase 'losses due to exigencies of the service.' It appears that this covers everything save exceptional losses, that is to say, waste and loss on issue and condemnations of all sorts and kinds all over the world. It does not cover loss by fraud or robbery, which have to be specially mentioned in the Return. Q. 1401. Q. 1402.

"STORE ACCOUNTS OF THE ROYAL OBSERVATORY, GREENWICH.

"52. The Comptroller and Auditor General, in his paragraph 16, states that owing to the lateness of the date at which the Accounts were placed at his disposal, they could not be dealt with satisfactorily as part of the Accounts of 1893–94. It appears, however, that there has been re-building and re-shifting which caused temporary difficulty in rendering the Store Accounts, and that such difficulty will probably not recur. Q. 1406. Q. 1412.

"NAVAL ORDNANCE STORES.

"53. Your Committee notice that there has been some delay in the valuation of these stores, which delay has been explained. Q. 1413.

"NAVY (DOCKYARD EXPENSE AND MANUFACTURING ACCOUNTS).

"EXAMINATION OF HOME YARD ACCOUNTS.

"54. In his paragraph 1, the Comptroller and Auditor General virtually inquires whether an officer has been appointed by the Admiralty to conduct the test comparison of stock valuation and store ledgers, a check which has been approved by the Public Accounts Committee, and of which the value has been recognised by the Treasury. Your Committee learn that this officer has been appointed, and is at work, comparing the results of the quantity and value ledgers. Q. 1415.

"COST ACCOUNTS OF SHIPBUILDING IN HER MAJESTY'S DOCKYARDS.

Q. 1421. "55. In his paragraph 6, the Comptroller and Auditor General alverts to the Cost Accounts of certain ships, which have not yet been finally passed by the Admiralty, so that they may be criticised in the Audit Department. Your Committee learn that these Accounts, being the first received under the new regulations, have required longer examination than usual, necessitating
Q. 1426. even some modifications of the regulation. The Admiralty rightly desired to trace the difference of cost in building in the different dockyards, and by a division of the expenditure into groups to aid the technical officers in examining the expenditure. They are now nearly complete, and will be immediately handed over. And so far the Comptroller and Auditor General appears to be satisfied. Your Committee have no further remark to make at present.

"OUTCOME OF THE ACCOUNTS AS REGARDS PROGRAMME AND PERFORMANCE IN 1893-94. NEW CONSTRUCTIVE DOCKYARD WORK.

Q. 1431. "56. The Comptroller and Auditor General in his paragraph 7 raises under this heading the same question as that upon which your Committee have already touched in reference to the Comptroller and Auditor General's paragraph 13, regarding the comparative results of shipbuilding of various classes, and under various circumstances. Thus no further remark seems necessary here.

"NAVY (VICTUALLING YARD MANUFACTURING ACCOUNTS).

Q. 1434. "57. Your Committee have inquired of the Admiralty regarding the abnormally high cost of biscuits at Malta, as noticed in paragraphs 4 and 5 of the Comptroller and Auditor General's Report. It appears that the cause was the exceptionally high prices of wheat which prevailed in 1891 and 1892, a circumstance which indeed is not likely to recur. Subsequently these prices have fallen, and the cost of the biscuit production has decreased accordingly. Your Committee observe that the military authorities in the island buy the wheat for the Navy: they are the largest
Q. 1441. consumers of wheat there, and it was thought better not to have the two branches of the service competing with one another.

"GREENWICH HOSPITAL AND TRAVERS' FOUNDATION.

Q. 1449. "58. There is no point raised in the Comptroller and Auditor General's Report, and he advises your Committee that there is nothing to call for inquiry."

Question, That the Report be read a second time, paragraph by paragraph,—put, and *agreed to*.

Paragraphs 1—21, *agreed to*.

Paragraph 22, amended, and *agreed to*.

Paragraphs 23—25, *agreed to*.

Paragraph 26, amended, and *agreed to*.

Paragraphs 27—58, *agreed to*.

Question, That this Report, as amended, be the Third Report of the Committee to the House,—put, and *agreed to*.

Ordered, To Report, together with the Minutes of Evidence, and an Appendix.

MINUTES OF EVIDENCE.

LIST OF WITNESSES.

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MINUTES OF EVIDENCE

Wednesday, 27th March 1895.

MEMBERS PRESENT:

Mr. Bartley.
Mr. Hanbury.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Mowbray.
Mr. Arthur O'Connor.
Sir Richard Temple.
Mr. Arthur Williams.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

NAVY APPROPRIATION ACCOUNT, 1893–94.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

Sir GERALD FITZGERALD, K.C.M.G., called in; and Examined.

OUTSTANDING QUESTIONS.

Chairman.

870. (To Sir *Gerald FitzGerald.*) IT is stated in paragraph 1 of the Comptroller and Auditor General's Report that the Admiralty, "in accepting the inspection of the Director of Artillery, War Office, as their agent, accept the responsibility for such inspection to the same extent as if it were conducted by their own officers, and it is further stated that the final correspondence on the subject will be found in the Appendix; will you kindly state what the final result of this correspondence has been?—The Admiralty agrees to accept the inspection

Chairman—continued.

of the Director of Artillery, War Office, as their agent, and they accept the responsibility for such inspection to the same extent as if it were conducted by their own officers.

871. That is final, is it?—That is final; and is what the Public Accounts Committee seem to wish for.

872. (To Sir *C. L. Ryan.*) Have you anything further to say upon this point?—No; I think the arrangement carries it out satisfactorily.

873. (To Mr. *Ryder.*) Is the Treasury satisfied?—The Treasury is quite satisfied.

APPROPRIATIONS IN AID.

COST OF "MAINTENANCE" OF THE AUSTRALIAN SQUADRON.

Chairman.

874. (To Sir *Gerald FitzGerald.*) In paragraph 6 of the Report it is stated that "the cost of 'Maintenance' of the Australian Squadron, which amounted to 119,671*l.* in 1892–93, against the annual contribution from the colonies for this service of 91,000*l.*, amounts in 1893–94 to 126,457*l.*" In the previous year this expenditure exceeded the colonial contribution, and the expenditure has risen again. Can you tell us how the colonial contribution stands; does it rise also?—We receive the sum of 91,000*l.* for maintenance from the colonies, irrespective of the actual cost of the up-keep of the ships.

875. Then this up-keep that has risen from 119,000*l.* to 126,000*l.* is entirely at the risk of the British Treasury, is it not?—The difference be-

Chairman—continued.

tween 91,000*l.* and 126,000*l.* is at the cost of the Admiralty.

876. Is this cost to go on increasing while the contributions from the colonies remains the same?—The contributions from the colonies will remain the same as long as the present arrangement with the Admiralty continues. There is no reason why there should be any increase beyond this 126,000*l.*

877. What I ask is this: while this 91,000*l.* is constant, is the cost to the British Treasury to go on increasing?—The cost of the maintenance of the ships is at the charge of the Admiralty, over and above the 91,000*l.*

878. Yes;

27 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Sir G. FitzGerald, K.C.M.G. *Continued.*

NAVY APPROPRIATION ACCOUNT.

Cost of "Maintenance" of the Australian Squadron—*continued.*

Chairman—continued.

878. Yes; but I ask again, while the contribution from the colonies is constant, is the expenditure on the part of the Admiralty to go on increasing?—It may, or may not increase.

Mr. *Hanbury.*

879. You used two different words "maintenance" and "up-keep;" what is the difference between the two?—There is no difference.

880. I thought you said that the "maintenance" was so much; irrespective of the actual cost of the up-keep?—The amount we receive from the colonies on account of maintenance remains the same, viz., 91,000*l.*, but the up-keep represents the total sum which in any year the Admiralty may expend in the maintenance of the ships.

Chairman.

881. Are we to understand that this maintenance is to go on increasing in cost?—It may not increase in cost. We cannot say what the maintenance is till the accounts are completed; it may be one year more, and another year less.

882. Has it ever been less?—It has never been less than 91,000*l.*

883. I mean the expenditure; has the expenditure ever decreased?—I cannot say what it is beyond these two years; it was 119,000*l.* in 1892–93 and 126,000*l.* in 1893–94. It may not be much over the 91,000*l.* in previous years. But under any circumstances we have to pay for the maintenance of the ships, and we only get 91,000*l.* from the colonies. The whole question was gone into last year before the Public Accounts Committee, and it was then explained why this expenditure is in excess of the amount received; the terms were settled between colonial representatives and the English Government.

Sir *John Hibbert.*

884. You mean, I presume, the 91,000*l.*?—Yes.

Chairman.

885. (To Sir *C. L. Ryan.*) Have you anything to say upon this point?—I have nothing to add to what is stated in my Report.

886. (To Mr. *Ryder.*) From the Treasury point of view, have you anything to say?—The Treasury regret to observe this great excess, and hope that it has reached its maximum in 1893–94.

887. But the Treasury have no means of interfering in the matter?—No.

888. The Treasury, however, do observe that the expenditure goes on increasing while the contribution from the colonies is constant?—That is quite true, and we must submit to that, I presume, until the 10 years for which this arrangement holds have expired; then the arrangement may be revised, I think.

NAVY APPROPRIATION ACCOUNT.

Cost of "Maintenance" of the Australian Squadron—*continued.*

Sir *John Hibbert.*

889. (To Sir *Gerald FitzGerald.*) From what date do the 10 years run?—The agreement was entered into in 1888. The 10 years expire in 1900–1901.

Sir *Arthur Hayter.*

890. Were there any special circumstances that made the expenditure so high in 1893–94?—I do not recollect. The cost of maintenance of a ship depends upon her expenditure of coal and stores, or whether she is sent from one port to another.

Chairman.

891. But are not these items given in after the accounts have been rendered; I mean as to this 126,000*l.*?—Yes; we can give full details of the 126,000*l.*, but we cannot tell for the current year what the expenditure may be; that is what I wish to explain to the Committee.

Mr. *Mowbray.*

892. Is it not probable that as the ships grow older the expenditure will increase?—Not for the 10 years for which this arrangement stands; the ships will not be affected by age in 10 years.

Mr. *Hanbury.*

893. This 91,000*l.*, I suppose, when the agreement was first made was intended to cover the whole of the maintenance?—I doubt that it was expected to cover the whole of the maintenance, but it was supposed to be a fair claim against the colony for the maintenance of the ships.

894. Do you know, as a matter of fact, how much the up-keep during the last six years has exceeded the contributions?—The ships have only been in commission since 1890-91.

Sir *John Hibbert.*

895. What was the cost of maintenance in the year when this arrangement was made?—It was only an estimate in that year; the ships did not exist then.

896. What was the estimate?—The estimate, I presume, was made as accurately as possible.

897. Do you not know what the real cost was in the following year?—I have not the accounts here.

Mr. *Hanbury.*

898. You would know, I presume, the average cost of corresponding ships in the Navy. I suppose the Admiralty know roughly what each class of ship costs to keep up yearly?—It depends upon the amount of coal and stores consumed, and you cannot estimate this, because a ship may be sent from one port to another, and all that costs money; but if the Committee wish, I could

NAVY APPROPRIATION ACCOUNT.

Cost of "Maintenance" of the Australian Squadron—*continued.*

Mr. *Hanbury*—continued.

I could give them statements showing the expenditure incurred since the first year these ships were commissioned. The year 1890–91 was the first year in which the charge for maintenance was incurred.

Mr. *Mowbray.*

899. Do you mean that was the first year in which any excess was incurred over the 91,000*l.*?—The arrangement was made in 1888 when the building of the ships was commenced, and in 1891 they were commissioned when the maintenance charges commenced.

Sir *John Hibbert.*

900. I understand you have not got those figures here to-day?—No, I have not got them with me.

Chairman.

901. (To Sir *C. L. Ryan.*) Have you any remark to make upon the evidence that has been given in this matter?—No.

902. (To Sir *Gerald FitzGerald.*) May the Committee understand that the attention of the Admiralty will be given to the possibility of the equalisation of our expenditure with our receipts in this matter?—So far as the Admiralty is concerned they would wish the expenditure not to exceed the 91,000*l.*

Mr. *Hanbury.*

903. Who is spending the money?—The Commander in Chief on the spot controls the expenditure.

904. There is no special item that has caused this excess expenditure?—I cannot say without having the accounts before me.

Mr. *Arthur O'Connor.*

905. (To Sir *C. L. Ryan.*) Perhaps you can tell us whether upon any particular item there was an unusually large expenditure?—I have before me a statement of the expenditure in the year under review, from which it appears there were three items in which the cost was mainly incurred; viz., the increase in the cost of victualling, maintenance, and hulls and machinery. Those are the three.

Mr. *Hanbury.*

906. What amount do those increases represent; would they account for the whole of the increase?—Yes, I think so. The victualling increase is 8,551*l.*; maintenance, 372*l.*; and machinery, 309*l.*; so the increase is almost entirely on victualling.

907. That accounts for only about 9,000*l.*?—Yes.

NAVY APPROPRIATION ACCOUNT.

Cost of "Maintenance" of the Australian Squadron—*continued.*

Mr. *Hanbury*—continued.

908. That would bring the expenditure from the 91,000*l.* to 100,000*l.*, as against 126,000*l.* for the year 1893–94?—The comparison was with the previous year, when the expenditure was 119,000*l.*

Sir *John Hibbert.*

909. Could you give us the details of the expenditure for each year since 1891?—I think the Admiralty would be the proper people to furnish that information.

910. (To Sir *Gerald FitzGerald.*) Can you furnish that information?—I can furnish statements of the expenditure incurred on these ships since they were commissioned.

Chairman.

911. Will you bring to the notice of the Admiralty this point of the growing excess of expenditure as compared with the receipts?—Yes.

NEW SUB-HEADS.

Chairman.

912. (To Sir *Gerald FitzGerald.*) In paragraph 7 reference is made in Sub-Head B. to certain expenditure under Vote 11, for the cost of three vessels for service on Lake Nyassa; is that expenditure still to go on; I ask this question because it appears later on in this paragraph that, according to the Treasury Minute of October last, "the existing arrangements for maintenance may be expected to cease on the 31st March 1895; all cost in respect of the service being subsequently provided as part of the current expenses of the British Central Africa Protectorate;" are we to understand that there will be no expenditure after the 31st March 1895 on this account?—That is so. The Treasury has approved of the Nyassa boats being handed over to the British Central Africa Protectorate with their armament and stores, and after the financial year 1894–95 no further expenditure in connection with the boats will be thrown upon naval funds.

913. So far as the naval funds are concerned this is final?—Yes.

Mr. *Hanbury.*

914. Do we make a present of them to the new company?—Yes; to the British Central Africa Protectorate.

Chairman.

915. With regard to the Sub-Head A. at the bottom of page 140, in regard to the cost of raising the "Howe," it appears that other expenditure arising from the stranding of the vessel has been incurred, and charged to ordinary Sub-Heads and

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Navy Appropriation Account.

New Sub-Heads—*continued.*

Chairman—continued.

Votes; one important item is distinguishable, being the sum of 809*l.*, which represents presents and gratuities for services rendered by Spanish officials and others in connection with the stranding of the vessel. In regard to that, in the last sub-paragraph, the Comptroller and Auditor General states that this "unestimated expenditure represents a considerable sum; but it will be remembered that partial provision was made for the 'Howe' expenditure in 1893-94 by anticipatory purchases of copper, and that further unestimated purchases of metals, &c., were made out of savings upon the Votes of 1892-93, the Treasury having assented to the purchase of the copper to the extent of 20,000*l.*, and of metals, &c., to the extent of 70,000*l.*" Have you anything to remark upon that last sub-paragraph?—That matter was dealt with in the accounts of last year. It does not affect the year under review.

916. In the first part of this sub-paragraph it says that "partial provision was made for the 'Howe' expenditure in 1893–94;" that could not be dealt with last year?—The latter part of the paragraph deals with two items.

917. The second part, you say, was dealt with last year?—Yes.

918. But with regard to the first part, which states that "partial provision was made for the 'Howe' expenditure in 1893-94 by anticipatory purchases of copper;" was that done in 1892?—The copper was purchased in 1892–93.

919. Have you any remarks to make on the previous part of my question, namely, as regards the sum of 809*l.* for presents and gratuities for services rendered by Spanish officials?—The presents and gratuities were distributed as follows: Gratuity to British Vice-Consul at Ferrol, 100*l.*; presents of plate to Spanish officials and gratuities to foremen and leading hands of the Spanish Dockyard at Ferrol, 319*l.*; gratuities to naval officers and men; and to examiner and foreman of dockyard work, 390*l.*; making the total of 809*l.* That was approved by the Treasury.

920. (To Sir *C. L. Ryan.*) Have you anything to remark upon this point?—I think the facts are all stated in my Report. I have nothing further to say beyond what is stated there. The only point that could arise would be as to what was the total cost of raising the "Howe," which we cannot ascertain very well. I do not know whether Sir Gerald could give any information with regard to that.

921. (To Sir *Gerald FitzGerald.*) Can you give us the total cost of raising the "Howe"?—I have no doubt we could give the approximate cost if the Committee wish it.

922. (To Mr. *Ryder.*) Have you any remark to make after hearing the explanations which have been given?—No, I have no remark to make.

Navy Appropriation Account.

New Sub-Heads—*continued.*

Mr. *Hanbury.*

923. (To Sir *Gerald FitzGerald.*) I think we ought to have the total cost of raising the "Howe;" it would not give any trouble to collect the items, would it?—It would give a certain amount of trouble, but we can do it if desired.

Chairman.

924. Surely it ought to be known in the Admiralty what the cost has been in raising the ship?—Unless specially asked for it would not be prepared.

Mr. *Hanbury.*

925. Do you mean the Admiralty has not put these figures together and does not know what it did cost to raise the "Howe"?—The expenditure was closely watched and examined in detail, but the whole cost was not tabulated.

Sir *John Hibbert.*

926. Was not the principal cost the contract for raising the ship?—Yes; and the amount is 35,000*l.* But there was expenditure in connection with plant and stores issued from dockyards and ships which would take a considerable time to identify in the accounts.

Mr. *Arthur O'Connor.*

927. Most of this expenditure with regard to these other items would be incurred in one shape or other, even if there were no "Howe" to be raised?—Yes; it might be found difficult to apportion the expenditure to that particular cause.

Mr. *Hanbury.*

928. I mean the special expenditure on the raising of the "Howe" spread over the different items?—That is practically stated in the Report, namely, the 35,000*l.* to the salvage company, and 809*l.* for gratuities.

929. There would be no great difficulty, I presume, in putting the figures together?—No; we can give it as far as practicable.

Chairman.

930. Would not the Admiralty know what is the cost of raising the ship?—Yes; all special charges that can be earmarked, but for much of the expenditure it might be a matter of opinion whether it was properly chargeable to the raising of the "Howe," or not.

931. All that is wanted is an approximate figure?—Yes. This will be prepared.

Net Deficit shown by the Appropriation Account.

Chairman.

932. (To Sir *Gerald FitzGerald.*) Passing to paragraph 8 of the Report of the Comptroller and Auditor General, we have already dealt in our First Report with some of the matters referred to

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NAVY APPROPRIATION ACCOUNT.

Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

to here?—As there are some complicated matters connected with this paragraph, I have prepared a statement which I wish to put in (*handing in the same*).

933. (To Sir *C. L. Ryan.*) Have you seen the statement which Sir Gerald FitzGerald has just handed in?—No.

934. (To Mr. *Ryder.*) Have you been furnished with a copy of it?—I have seen a copy of it.

935. (To Sir *Gerald FitzGerald.*) Is not this paragraph to be read in connection with the First Report of this Committee of this year, the Report upon the naval excesses?—Yes, some portion of it.

936. Is not the sum of 49,000*l.* which is given as a deficit in the early part of this paragraph, the sum that is mentioned in the First Report of this Committee?—Yes.

937. That is the same sum which is accounted for in a particular way in the Admiralty Report?—Yes.

938. In regard to that, I would ask your attention to the fourth Sub-Head of this paragraph, wherein the Comptroller and Auditor General says that materials were ordered "to the extent of about 60,000*l.* for delivery and payment before the 31st of March," in February 1894, Treasury sanction being sought and obtained at the end of the following month; then, again, lower down it is stated that, "after taking account of the 60,000*l.* now in question, there was apparently only the narrow margin of 1,200*l.*, on a gross estimated expenditure of more than 15,000,000*l.*, upon which to base the opinion that this unestimated expenditure might be incurred without passing the limit of the Parliamentary grants of the year;" and then the Comptroller and Auditor General goes on to say that the actual results, as regards deficits and surpluses, showed wide divergencies in many cases, and an absolute omission from the forecast of any deficit under Vote 2, where an excess of over 40,000*l.* has occurred. Might I ask how did that 40,000*l.* excess arise on Vote 2?—That will be explained on the next paragraph, No. 9.

939. In regard to that, I have to ask, did not the Admiralty propose at the end of the year to purchase quantities of stores which would be wanted for the next year, and represented to the Treasury that there would be money enough for that purpose?—Yes.

940. Ultimately it turned out, did it not, that there was not money enough?—Yes.

941. Then an excess having been thereby caused, this excess was attributed to two particular reasons; is not that so?—Yes, but not to the reason assigned by the Comptroller and Auditor General.

942. Now I have to ask, why did not the

NAVY APPROPRIATION ACCOUNT.

Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

Admiralty foresee at the end of the year that there would not be money enough in reality?—We thought that there would be a sufficient surplus at the end of the year to admit of this purchase of 60,000*l.* being made. But it turned out subsequently that only 29,000*l.* was spent out of that 60,000*l.* Therefore the reasons assigned for the excess expenditure were considered appropriate.

943. But would you look at the next Sub-Head of the Comptroller and Auditor General's Report, where he says that "where it is proposed to use anticipated but unrealised savings of one year in order to make purchases provided for in another, it should be abundantly clear that no deficit can arise." Do you admit that?—Yes.

944. But had the Admiralty made it abundantly clear that there would be a sufficient saving before they made this somewhat unusual and irregular request?—Certainly. We assured ourselves as closely as possible that there would be a margin on our Votes even after the expenditure of the 60,000*l.*

945. You would admit, would you not, that it is open to objection to purchase stores at the end of the year which will be wanted in the next year, unless you are quite clear that there will be a surplus?—Quite so.

946. Had you really good reasons for thinking it was abundantly clear that there would be a surplus?—There were sufficient grounds at the Admiralty to count on a surplus at the end of the year.

947. You think you had grounds for holding it was abundantly clear?—There were indications of a surplus, but we can never be certain.

948. Those grounds having failed, may I ask, in regard to the Admiralty Report presented to this Committee to enable them to make their First Report this year, why did the Admiralty select two particular items out of the whole expenditure of 15,000,000*l.* and say that they accounted for the deficit; on reconsideration, is that a sound mode of financial reckoning?—The statement I have just put in will show that the Admiralty was correct in stating the reasons for this excess, and the Treasury, I understand, have agreed with our explanations rather than with those given by the Comptroller and Auditor General.

949. As regards those two items mentioned by way of explanation one was that a sum of money went down in the "Victoria;" but surely the "Victoria" had gone down before this question arose?—Yes; we were not prepared to state what was the exact sum until the whole of the accounts were completed. The "Victoria" was lost in June 1893, but it was only in 1894 that we were able to tell the Treasury the amount of money lost with the ship.

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Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

950. When you made this request to the Treasury did you know what amount had gone down with the "Victoria"?—No, not exactly; we had to re-form the whole of the accounts in order to ascertain approximately the balance the paymaster should have had in his hands.

951. Still it was known that a considerable sum must have gone down?—Yes.

952. Not the exact amount, but you were aware that some considerable amount must have gone down?—Yes.

953. In the same way with regard to the other item, with reference to India not having paid her contribution, was it not known at that time that India was likely not to pay its contribution?—Yes.

954. Then, if those two items were anticipated at the time you made your Report to the Treasury, why are you entitled to say afterwards that the deficit was caused by those two items?—Because it was considered they were justifiable reasons.

955. Might it not be said that these two items should have been allowed for roughly in your reckoning when you assured the Treasury you would have a surplus?—The probable surplus was estimated upon the gross Votes 15,000,000*l.*, and the causes of the deficit were in the opinion of the Admiralty the deficiency in Appropriations in Aid, and the loss of cash in the "Victoria."

956. If at the time of making that Report you had, or ought to have had, a general knowledge that these two detailed deficits would occur, are you entitled afterwards to say that the deficit occurred from them; ought you not to have taken them into your calculation when you assured the Treasury there would be a surplus?—We told the Treasury the reasons of the deficit on the Votes, and they, I understand, agreed with us. The Memorandum I have put in explains why the deficit cannot be attributed to money that we spent out of this 60,000*l.* sanctioned for the purchase of Naval Stores.

957. (To Mr. *Ryder.*) You have heard Sir Gerald FitzGerald's evidence to-day?—I have.

958. Do you not consider that the Admiralty ought to have reckoned, at least approximately, these two items, *i.e.*, the money that went down in the "Victoria," and the failure of India to contribute, when they assured you that there would be a surplus?—Not only ought they to have reckoned these two items, but, as a matter of fact, they did reckon them in the most deliberate manner. They were perfectly well known to the Admiralty and to the Treasury when the forecast was made in March.

959. If that is so, may I ask how you are justified in attributing the excess or deficit upon the Votes to these two items?—I do not think the Admiralty, strictly speaking, is entitled to

NAVY APPROPRIATION ACCOUNT.

Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

attribute the deficit to the two particular causes mentioned to Parliament in the estimate for the excess Vote.

960. Would you not admit financially that to attribute a deficit upon a large account to any two particular items should require the very clearest proof; because otherwise it would ordinarily be understood that the deficit had occurred upon the whole account, and you cannot say it arises more from one item than from another. If, therefore, you say it arises from one particular item, you must have the clearest proof, which proof, according to your explanation, is utterly wanting in the present case?—I think in justice to the Admiralty it should be said that the whole Appropriation Account was at the time before Parliament, giving the surpluses and deficits on all the Navy Votes; it was no easy matter for the Admiralty to single out specific causes for the net deficit. The net deficit was really the result of a great number of causes.

961. Clearly?—But if the Admiralty had been asked to state as briefly as they could why their forecast in March was so much beside the mark, I think their best answer would have been, first, that they thought that Vote 2 (the Victualling Vote) would have been even and quit in March, when it really showed a deficit of over 40,000*l.*, and that as regards the Works Vote (Vote 10) it would show a small surplus in March, when it really showed a deficit, I think, of 12,000*l.* Those two causes really account for their having been so much beside the mark in their forecast in March.

962. Those two reasons have been true reasons?—They would have been absolutely true reasons, I believe.

963. I presume the Victualling Vote and the Works Vote are very large ones?—Very large.

964. Therefore, on the whole, those would have been good and true reasons?—Those would be good and true reasons why their forecast in March was so different from the event.

965. Then, according to you, as I gather, those are the reasons which ought to have been given for the excess?—I do not think that absolutely follows. When they came to prepare the excess Vote which they presented to Parliament, Parliament being already seized of the Appropriation Account itself, they had to think what were the two simplest explanations they could give to Parliament, first, of net excesses upon gross Votes, and, secondly, of the falling off in Appropriations in Aid. Now, as regards the falling off in the Appropriations in Aid there can be no doubt that the Admiralty were quite right in attributing it to the short payment by India. Then, as regards the net excess upon gross Votes (which I think was 12,000*l.* and odd), they would have found it exceedingly difficult to

have

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Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

have explained it by any reference to the excesses on Vote 2 (Victualling), and Vote 10 (Works). If they had attempted it I think they would have had practically to go into all the details of the Appropriation Account; therefore what they did was this: they singled out a particular service which was entirely unprovided for in the original estimate, which was a specific and easily identifiable service, and which happened to correspond in amount very nearly to the net excess on gross Votes; that was the loss of the cash on board the "Victoria." They therefore said to Parliament, "We are coming to ask you for an additional Vote to meet two particular circumstances; one, this loss of cash on board the 'Victoria,' and the other, the short payment by India."

966. But to your proposition, is there not this absolute objection that the particular deficits on these two items, namely, the cash on board the "Victoria" and the short payment by India, were actually foreseen and known at the time when they made their representation to the Treasury?—It is quite true that they were foreseen and known.

967. Is that an objection to your proposition or not?—I do not think that it is an objection to mentioning these services to Parliament as services not contemplated in the original estimate, and which have sprung up after the original estimate when they asked Parliament to meet the excess. I see no objection to that. But I do agree with you in holding that the explanation was a deficient one; I think they ought to have added something beyond what they did append to the excess Vote. And I rather think that Sir Gerald FitzGerald is not absolutely correct in saying that the Treasury ever had before it in draft the excess Vote, or ever had an opportunity of officially expressing an opinion on it. My impression is that they had not.

968. May I understand that the Treasury accepted the Admiralty's explanation on the faith generally of the correctness of the Admiralty view?—I do not think the Treasury ever had an opportunity of officially expressing an opinion upon the adequacy of the explanations. I could not help remarking that when the explanations were before the Committee on the 6th of March no question as to their adequacy was addressed to the Treasury.

969. (To Sir *C. L. Ryan.*) Have you any observation to make on the evidence we have heard?—I would observe in the first place, that, as I understand, the Committee are not discussing now paragraph 8, but the statement which was laid by the Admiralty before the Committee as to the cause of excess on the 6th of March, because the two things are not the same; they are separate points.

970. Let me put the points upon which I want

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Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

you to give us your opinion. In your Report you draw our attention to the purchase of certain stores in one year which were wanted for the next year?—I draw your attention in this paragraph to the case of the deficit as a whole, and I state that there is one factor which seems to me to come out rather prominently as causing the deficit, because it was an expenditure incurred at a very late period of the year, after the great bulk of the expenditure was known, and upon a forecast which showed an extremely narrow margin.

971. Upon that I asked Sir Gerald FitzGerald whether the Admiralty have (as you say they ought to have done), made it abundantly clear to themselves that there would be a surplus to meet it. In reply, Sir Gerald has given a certain explanation; I would ask, are you satisfied after hearing what he has said?—First of all, I may observe that Sir Gerald has put in a Memorandum which I have never seen. I cannot say what effect the fuller explanation there given might have upon anything that was written before I heard that explanation or knew those facts. But if I am asked upon the question of principle (and that is the only question, practically, which I raise in my Report upon this point), namely, whether a Department is justified in anticipating its Votes of a subsequent year without being able to clearly ascertain and to show that that expenditure would not cause a deficit, I hold a very strong opinion that a Department is not so justified; and it appears from the facts before me, and I can only look at the facts before me, that the Admiralty were not justified in the action they took, so far as regards its not causing a deficit. (Sir *Gerald FitzGerald.*) I may say the Admiralty entirely agrees with the Comptroller and Auditor General on the general principle. But as regards this 60,000*l.*, to which he attributes the cause of the excess, the actual expenditure on Naval stores for normal services was 3,000*l.* less than the forecast; and therefore it cannot be admitted that the determining factor of the excess is to be found in any transaction under Vote 8, Naval Stores. The Memorandum I have handed in explains this.

972. (To Sir *C. L. Ryan.*) You have heard what Mr. Ryder has told us; do you concur with what he says?—Mr. Ryder's observations were directed, mainly, I think, to the question of whether the Admiralty were justified in placing before this Committee two particular items as being the items to be given as the explanation causing the excess. That is a matter that has come before me in that shape for the first time to-day; I have not dealt with it in my Report. I was asked no question on the subject when I was before the Committee on the 6th of March; but if I am asked my opinion now, I may say I do not agree with Mr. Ryder's view. I think those two items should not be given as the

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Net Deficit shown by the Appropriation Account—*continued.*

Chairman—continued.

causes, unless with them was furnished an explanatory paper showing clearly to what other causes it might be attributed, and the difficulty of determining upon these two. If those are baldly given as the two causes, I do not agree with that explanation.

973. (To Sir *Gerald FitzGerald.*) Do you wish to refer more in detail to the Memorandum which you have handed in?—I think I need not do so now.

Mr. *Arthur O'Connor.*

974. It does not appear to be directed to the special point in this paragraph?—It is explanatory of the final outcome of Vote 8, and shows that the excess was not attributable to the purchase of Naval Stores ordered in the previous year.

975. It goes to support, does it not, the representation you have just made to us with regard to Vote 8?—Yes; it refers to the expenditure under Vote 8 only.

Sir *Arthur Hayter.*

976. (To Mr. *Ryder.*) I suppose the Treasury sanctioned various excesses on the Navy Votes, on the understanding that there should not be a deficit on the Votes as a whole?—That was the case in March 1894; we sanctioned certain deficits upon the understanding that they would be rather more than met by the expected surpluses.

977. I suppose you strongly hold the opinion that if it is at all a near thing as to whether there would be a deficit or not, there ought to be a Supplementary Estimate?—Yes; and if it is proposed to incur any new expenditure.

Mr. *Mowbray.*

978. I understand you to say the deficit owing to the short payment by India, and also that resulting from the sinking of the "Victoria," were foreseen in the Admiralty forecast?—Certainly they were.

979. They appear in the figures here?—Yes.

980. I understand there was no forecast of this large excess of more than 40,000*l.* on Vote 2?—That is so; that was the main mistake made by the Admiralty.

981. (To Sir *Gerald FitzGerald.*) I do not think we have had any explanation as to that?—That will be explained in the next paragraph, where the question is again raised.

982. I do not quite see where it comes?—The excess of 19,000*l.* on Sub-Head M., Seamen's Clothing, &c., is referred to; the residue is 16,000*l.*, Appropriations in Aid (short recovery from Seamen for Clothing), and 5,000*l.* Freight.

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Net Deficit shown by the Appropriation Account—*continued.*

Mr. *Mowbray*—continued.

983. My question rather was how it came about that that was not foreseen on the 31st March and not taken into account in the forecast of the Admiralty at that time?—The payments on foreign stations came in subsequently to the statements prepared for the Treasury and Parliament, and were not foreseen at that time.

984. Was that a peculiar and exceptional thing in this year, or are you not liable to that and accustomed to it?—It was a special expenditure of the year under review.

985. You seem to have made no allowance for any possible charge on that head in your forecast?—No, because we did not anticipate an excess.

Mr. *Bartley.*

986. As I understand, this deficiency is on the whole amount of 14¼ millions?—Yes.

987. That is to say, you have expended 66,000*l.* over the 14¼ millions?—£.49,000.

988. That is to say, considerably under one-half per cent. upon the whole Vote?—Yes.

989. If this Indian amount had come in, there would have been practically a very small deficiency?—There would have been only about 12,000*l.*

990. As I understand, this purchase of the 60,000*l.* worth of plates was made at the time when the market gave great advantage in buying them, and, therefore, if they had not been ordered then there would not only have been the Indian loss but the extra cost to the country of buying these plates when they were much dearer?—That is so.

991. You, in your discretion, thought it a very wise thing to do?—That is so.

Mr. *Arthur O'Connor.*

992. I suppose you have always found there is a very material difference between estimate and retrospect?—Certainly.

993. It is very easy to be wise after the event?—Quite so; that is not sufficiently appreciated very often.

994. (To Mr. *Ryder.*) I see this passage in the Treasury letter at the bottom of page 136: "When my Lords compare these figures with the forecast of the out-turn of Navy Votes for 1893-94 presented to Parliament in April last, which showed an estimated net surplus of 1,200*l.* only, and when they remember the various items of excess expenditure that they sanctioned during the year upon the assurance of the Board that no net deficit would be incurred on the total of Navy Votes, they feel that the Admiralty placed too much reliance on so narrow an estimate. Whenever the margin of provision over an expenditure of 15 millions can only be estimated at a few hundred pounds, it would be much safer to present a Supplementary Estimate." Do you concur

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Net Deficit shown by the Appropriation Account—*continued.*

Mr. *Arthur O'Connor*—continued.

concur in that view?—I think the Treasury would hold that view.

995. But when the submission was made by the Admiralty on the 21st of March, they showed a margin of only 1,200*l.*, did they not?—They did.

996. Why did not the Treasury then suggest a Supplementary Estimate; they had as much knowledge as the Admiralty themselves of the situation?—Quite so; and I think the Treasury must therefore share the responsibility with the Admiralty for acting upon their forecast.

997. That may possibly account, perhaps, for the difference of view between the Treasury now, and the Comptroller and Auditor General?—I really think if I could only explain myself quite fully, there would be found to be no difference of view between the Comptroller and Auditor General and myself. I think any apparent difference is due to a deficiency in my explanation.

998. Would you wish to supplement it?—I think the Comptroller and Auditor General thought that I expressed a distinct approval of the explanation given by the Admiralty of the necessity for an excess Vote. I tried to give the best defence that occurred to me for the Admiralty explanation. It seemed to me that it was capable of a defence; but I intended to make it clear to the Committee that the Treasury thought the explanation a deficient one, and that it ought to have been supplemented more or less. I think that with such a supplement as the Treasury would have made to the explanation, the Comptroller and Auditor General would probably have been satisfied.

999. (To Sir *Gerald FitzGerald.*) Have you any remark to make after hearing what Mr. Ryder has said?—It would have complicated the matter if we had had given a long statement of excesses and surpluses to Parliament.

1000. The Admiralty was desirous, I presume, to make it as plain and simple as possible?—Yes, as simple as possible. We were anxious to make it clear why we required an excess estimate.

1001. If you will turn to page 151, I see that according to your forecast of the 21st March (which was only 10 days before the end of the financial year) you anticipated a surplus of 6,000*l.* on Vote 10. It is one of the items of the Programme put before the Treasury?—Yes.

1002. Vote 10 is not a large Vote. Within 10 days you appear to have been out to the extent of between 17,000*l.* and 18,000*l.*?—We were out to that extent when the accounts of the year were closed some six months later.

1003. Can you account for that discrepancy; is there any special reason for it?—The Director of Works can, no doubt, account for it, and give the reasons; but I think it may be attributed in some measure to the action of the Public Accounts Committee itself. Attention has been called of recent years to large surpluses upon this Vote, and in 1893–94 the estimate was cut down in order to accord with the views of the Public Accounts Committee. This contributed to the excess.

1004. But that would not account, would it, for your estimate on the 21st of March reporting a surplus of 6,000*l.*; the Public Accounts Committee had nothing to do with that?—Only to the extent of meeting their wishes in reducing the Vote.

1005. I want to know how the eventual excess of eleven thousand and odd pounds is to be accounted for, in the face of the very recent estimate that you would have 6,000*l.* to the good?—I must leave it to the Director of Works to explain; it does not come specially under me. He will explain how it occurred, when you come to paragraph 18.

1006. I was looking at it rather in connection with the general estimate of excesses?—The Director of Works will be able to account for the excess on his Vote.

1007. I will not pursue that point further. (To Sir *C. L. Ryan.*) Would you turn to page 151; I see the Admiralty, on the 21st March, estimated for a small surplus of 1,300*l.* on Vote 9?—Yes.

1008. And in connection with that it is said that there was to be paid into the Naval Defence Fund a sum of 20,000*l.*; the difference between those sums is 18,700*l.* That was the anticipated excess over Exchequer Grants under that Vote; but in the statement which you have appended in juxtaposition, the real surplus set forth is 39,000*l.*, which is about 38,000*l.* more than the Admiralty expected, and you have against it the sum of 55,000*l.* to be paid into the Naval Defence Fund; would you explain what those two sums of 20,000*l.* and 55,000*l.* mean; why they are put in that collocation, and how the sum has been arrived at?—You cannot ascertain the actual surplus or deficit in this case without taking into consideration sums which are due to or from the Naval Defence Account; and it is part of this total sum that is dealt with in the 30th paragraph as to the outcome of the account. You will see there that the figure of 55,000*l.* is arrived at as being the difference between the grant for armaments and the expenditure upon armaments. The expenditure having been less, the amount of the difference between the grant and the expenditure is carried to the Naval Defence Account.

1009. That is under statute?—Yes.

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Net Deficit shown by the Appropriation Account—*continued.*

Mr. *Arthur O'Connor*—continued.

1010. Then the Admiralty estimated that they would have, not 55,000*l.*, but only 20,000*l.* to pay into the Naval Defence Fund?—They estimated according to the figures shown on page 151.

Mr. *Hanbury.*

1011. As I understand, there are really two points that have been raised: the first is the explanation given by the Admiralty for the deficit for the year on the excess Vote, and in regard to that explanation I understand you would differ from the Admiralty?—I differ from the Admiralty, as I believe practically I agree with the Treasury as interpreted by Mr. Ryder's supplement to his answer. I thought, in his first answer, he was stating the view of the Treasury, but now it appears there is practically very little difference between us.

1012. But you both condemn the Admiralty?—Neither of us are, I am afraid, able to agree with the Admiralty.

1013. The second point is that you complain of the action of the Admiralty for having, in February 1894, just at the end of the financial year, after they knew that certain monies for which they had estimated would not come in (that is to say, the Indian Appropriation in Aid, and also the monies that went down in the "Victoria") still incurred this expenditure of 60,000*l.*?—(Sir *Gerald FitzGerald.*) May I point out that we incurred an expenditure of 29,000*l.*, not 60,000*l.*

1014. I am talking of the Comptroller and Auditor General's complaint; he says you have incurred an expenditure of 60,000*l.* (To Sir *C. L. Ryan.*) That is the gist of your complaint, is it not?—That is so, upon the general principle which I explained, that, inasmuch as the expenditure was provided for in the Votes of the subsequent year, to anticipate the expenditure in a year for which no provision was made for it ought never to be done unless the Department asking for it is clear that there will be no deficit. And, of course, by "deficit" I meant deficit upon the aggregate Votes, not a deficit upon any one Vote; because it is quite clear that the Treasury and Parliament look upon these Votes practically as one, inasmuch as the power of transfer exists between them, and therefore, in giving sanction they must take into consideration the whole of the Votes, and that there should be no deficit upon the whole of the Votes by reason of the anticipated expenditure.

1015. Your point also was that at that date a good many of the deficits were a foregone conclusion?—I thought that those ought to have been put on one side, because they were known and discounted.

1016. (To Sir *Gerald FitzGerald.*) Now, I understand you to say they were not known, or, at all events, one especially, namely, the money that went down in the "Victoria"; that is to say, nearly a year after the "Victoria" had been lost; you did not know what amount of money had gone down in her; is not that so?—We did not know until the accounts were made up what was the exact sum.

1017. That is to say, nearly a year after the "Victoria" had gone down the Admiralty had not been able to arrive at any conclusion as to what was the exact sum lost. Supposing it had been the case not of a ship going down but of a defaulting paymaster, would it have taken you a year to hunt up his accounts?—That is quite a different thing.

1018. What is the difference?—The difference is that in the case of the "Victoria" the whole of the pay books and ledgers went down in the ship; we had to reconstitute the ledgers; we had to make up new books, taking out every man's pay and everything due to him in order to find out the sum lost in the ship.

1019. But supposing, instead of the ship going down with the ledgers and all these books, the paymaster had decamped with them, would you still have taken a year to find out what he owed you?—No; in that case we should be able to ascertain from the officers and men what sums were due to them and what sums they had received.

Sir *John Hibbert.*

1020. (To Mr. *Ryder.*) With respect to the question put to you by Mr. O'Connor as to how it was that when you knew there was only a net surplus of 1,200*l.*, the Treasury did not advise a Supplementary Estimate when they wrote their letter in January; was it not the fact that that information came to the Treasury only late in March, when it was too late to obtain a Supplementary Estimate, or even to suggest it?—That is so. The Admiralty wrote to us on the 21st of March, submitting their forecast; it was then too late to present a Supplementary Estimate. If I had recollected that fact I should have modified my answer to Mr. O'Connor.

Mr. *Arthur O'Connor.*

1021. But as a matter of fact on the 21st of March, or in reply to the letter of the 21st of March, you did not point out to the Admiralty that the proper course would have been to have sent in a Supplementary Estimate, or suggested a Supplementary Estimate, earlier?—No, that is quite true. We knew they were sailing very close to the wind, and we hoped that fortune would favour them. (Sir *Gerald FitzGerald.*) It must be obvious that the Admiralty tries to avoid an excess upon the Appropriation Account, and, therefore, this extra expenditure would not have been sanctioned if a surplus had not been anticipated on the gross Votes. We also endeavour to

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Mr. *Arthur O'Connor*—continued.

to avoid asking Parliament for a Supplementary Estimate when it can be dispensed with.

1022. I see that part of this excess is made up of the sum of 12,000*l*, which was expended not altogether for Admiralty purposes, but rather for the purpose of keeping the men employed at the Ordnance Factories?—That is so.

NAVY APPROPRIATION ACCOUNT.

Net Deficit shown by the Appropriation Account—*continued.*

Mr. *Arthur O'Connor*—continued.

1023. It was a question of general administrative policy which the Admiralty were not in a position altogether to control?—Quite so.

1024. It was possibly a matter rather forced upon them by the central administrative authorities, or in consequence of the position of the workmen at the Ordnance Factories?—Yes.

Mr. H. F. R. YORKE, called in; and Examined.

On VOTE 2.

EXCESS EXPENDITURE UNDER SUB-HEAD M., CLOTHING, &c.

Chairman.

1025. (To Mr. *Yorke.*) IN paragraph 9 reference is made to an excess under Vote 2, which is stated to have been caused primarily by "the new system of making up boys' clothing." The Comptroller and Auditor General says that he has asked for a fuller explanation, and requested the Admiralty to apportion the total excess to the three causes assigned in the explanation on page 19, in order that their relative importance may be seen. Are you in a position now to tell the Committee what the apportionment between those three causes should be?—I cannot give the actual apportionment, but I can give a further explanation if desired.

1026. Will you kindly do so, quite briefly?—The explanation given on page 19 is, that the excesses are "due to the new system of making up boys' clothing, causing considerable increase in expenditure for making up; a number of small surpluses taken from contractors and fewer stores undelivered by contractors than anticipated." I can quite see now that the first explanation about the system of making up boys' clothing, though it is perfectly clear to us at the Admiralty, may not have been perfectly clear to the Comptroller and Auditor General, and I should like, if I may be allowed, to explain a little further what is meant by that. The excess was not due so much to the immediate effects of the change of system as to the circumstances connected with the change. The assimilation of boys' clothing to the clothing worn by the men was postponed until the new contracts were completed in 1892. To bring the new patterns into use as quickly as possible after the completion of the new contracts, the stock of the old pattern which had to be used up was kept as low as convenient. It was not possible to say how long the old stock would last, and consequently to what extent it would affect the making up of clothes of the new pattern, particularly as the ships were then authorised to keep up a large reserve of made-up clothes. In the event it turns out that the expenditure was underestimated. That is one of the after effects of the

Chairman—continued.

overhauling of the seamen's clothing and the introduction of the new patterns. It was not only the change of system for making up, but the introduction of new patterns at the same time which produced the uncertainty.

1027. (To Sir *Gerald FitzGerald.*) Have you any remark to make upon this point?—No.

1028. (To Sir *C. L. Ryan.*) Have you anything further to add after hearing the explanation which Mr. Yorke has given?—No; I have nothing to say upon the explanation now given.

1029. You think it is satisfactory?—Yes.

1030. (To Mr. *Ryder.*) Are you satisfied upon the point?—I think the Treasury will be satisfied.

Mr. *Arthur O'Connor.*

1031. (To Mr. *Yorke.*) If you reduce that theoretical explanation into pounds, shillings, and pence, would it amount to a difference of 20,000*l*.?—Not to a difference of 20,000*l*.; the whole of that 20,000*l*. is not attributable to this.

1032. How much of it would you put down to the alteration of boys' clothing?—I should think about 15,000*l*., but I cannot give the exact figure; that is roughly what I should think it would represent.

1033. How long does the boys' clothing last?—That is a question I can hardly answer, because they take up the clothing and pay for it themselves.

1034. I thought there was some question of an alteration in the pattern, and also of an alteration in the system of making up?—Yes.

1035. That would extend only to one year so far as these accounts are concerned?—Yes.

1036. That makes a difference on one item alone about 15,000*l*. for boys' clothing?—Yes. The old patterns, as I explained, were, of course, allowed to get to the very lowest possible limit.

1037. The cost of the materials would not be less?—The cost of the materials would not be less.

1038. It is merely a question, I suppose, of making up?—It is a question of making up and

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NAVY APPROPRIATION ACCOUNT.

Vote 2.—Excess Expenditure under Sub-Head M., Clothing, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

of the material on board the ships. They would require a large quantity of these clothes to keep on board the ships, which would come out of our stock.

1039. Are we to understand that there is a set-off against the larger charge; that there is a larger stock of material on board the ships?—There is a larger stock of material on board the training ships. There is a set-off in that sense, certainly.

Mr. *Hanbury.*

1040. What was exactly the change of system?—In the first place it was a change of the patterns themselves; and, secondly, under the old system, nothing but material was drawn and accounted for on board the training ship, and then, by a private arrangement (that is to say, private so far as the Admiralty is concerned), carried out by the paymaster under the captain at the ports, the material was sent to contractors and made up into clothes and issued to the boys, and the quantity of stuff used for the clothes was charged against the boy, plus the cost of making up. It was considered a much more satisfactory arrangement that the contractor should buy from us the cloth to make up into clothes and pay us for that, and then re-sell us the garments again.

1041. That involves an increased expenditure of 15,000*l.*, does it?—Roughly; but the money comes back afterwards from the boys. It merely meant that the quantities of these things got very low on board the ships, owing to our wish to use them up before bringing in the new patterns.

Sir *John Hibbert.*

1042. (To Sir *Gerald FitzGerald.*) In the second part of paragraph 9 the Comptroller and Auditor General says that he has asked for a fuller explanation from the Admiralty; has that explanation been given to him?—Yes, I think it has been given.

1043. (To Sir *C. L. Ryan.*) Have you received the explanation?—Yes, I have received a fuller explanation since.

Chairman.

1044. Are you satisfied with it?—I think, taken with what Mr. Yorke has now said by way of supplement, I am.

FIGURES RELATING TO CREDITS UNDER SUB-HEAD M., NOW SUPPLIED IN APPROPRIATION ACCOUNT.

Chairman.

1045. (To Mr. *Ryder.*) In the last Sub-Head of paragraph 10 the Comptroller and Auditor General says, "It does not seem satisfactory that an exceptional arrangement, that permits of credits to a debit Sub-Head instead of Appropriations in Aid, which may increase the spending power under a Sub-Head, should have about it this element of uncertainty; and I have recently drawn the attention of the Treasury to this

NAVY APPROPRIATION ACCOUNT.

Vote 2.—Figures relating to Credits under Sub-Head M., &c.—*continued.*

Chairman—continued.

feature in the arrangement, in order that I may learn their views in regard to it." Have the Treasury formed an opinion upon that point yet?—The Treasury has communicated with the Admiralty upon the subject, and has to-day received a reply from the Admiralty which they hope will be satisfactory to the Comptroller and Auditor General. It describes an arrangement which the Admiralty propose to make, which will partially meet the views of the Comptroller and Auditor General. We have not yet communicated that letter to the Audit Office, but we intend to do so.

1046. The Comptroller and Auditor General seems to consider that it would be better treated as an Appropriation in Aid; is that the effect of the Admiralty letter?—No, I think not. It may be necessary to resort to that arrangement; but what is proposed by the Admiralty is, I think, a kind of compromise.

1047. (To Sir *C. L. Ryan.*) I suppose you cannot yet express an opinion upon the proposal made by the Admiralty in their letter to the Treasury?—I do not know anything about it. (Mr. *Yorke.*) May I say on behalf of the Admiralty that if the Comptroller and Auditor General continues his objections to these credits being made to a debit Sub-Head, I think the Admiralty would be quite prepared, at the end of the next financial year, to meet the wishes of the Comptroller and Auditor General and credit this sum of money under Appropriations in Aid.

1048. (To Sir *C. L. Ryan.*) Would that be satisfactory to you?—Certainly. That is to say, that the present system is only to continue for a year longer, but after that credits should be carried to Appropriations in Aid rather than to a debit Sub Head. I have felt always on behalf this Committee, in my position as Auditor General, very considerable objection to the system of debit Sub-Heads; they increase the spending power of a Department, and, unless they are absolutely unavoidable, I think they are in principle wrong.

1049. If Mr. Yorke's view is given effect to you would be satisfied?—Yes, because that would be carrying out the principle which I advocate.

1050. (To Mr. *Ryder.*) What would the Treasury say to that?—I do not think the Treasury would in any way object to treating this as an Appropriation in Aid; but if I read the Admiralty letter rightly, they propose some form of compromise; that is to say, that a certain amount of information should be given to the Audit Office which, perhaps, may satisfy the Comptroller and Auditor General.

1051. I presume that may be considered to be modified by what Mr. Yorke has just said?—(Mr. *Yorke.*) What I wished the Committee to understand was, that should the proposition in their letter not meet the views of the Comptroller and Auditor General, the Admiralty would be prepared to do what I have said.

[Mr. *Yorke* withdrew.

NAVY APPROPRIATION ACCOUNT.

On Vote 8.

PERSONNEL (DOCKYARDS).

Chairman.

1052. (To Sir *Gerald FitzGerald.*) In the last sentence of paragraph 8 the Comptroller and Auditor General says, "I have, however, thought it desirable to furnish the Admiralty with a statement comparing the wages at the Naval Yard with those paid by a local dock company, which covers several other trades, and this has been referred to the Commodore, whose remarks the Admiralty await." Can you give us any further information upon this point?—We have not received an answer from the Commodore; when we do we will communicate with the Comptroller and Auditor General.

1053. You can say nothing further now?—Nothing.

On Vote 9.

WAR OFFICE CLAIM IN RESPECT OF PRODUCTIONS AT THE ORDNANCE FACTORIES.

Chairman.

1054. (To Sir *Gerald FitzGerald.*) In the middle of paragraph 15 the Comptroller and Auditor General says, "The differences in numbers will be the subject of adjustment in 1894–95, but it is not clear what the Admiralty propose to do with regard to the articles not traced;" and he goes on to say, "I have asked to be informed what further steps are being taken to trace the receipt of the supplies in question, and whether, if the result be unsuccessful, recovery will be made from the War Office in 1894–95." Can you give us any information upon that point?—We have communicated to the Comptroller and Auditor General the fact that an inquiry has been addressed to the Ordnance Factories concerning this item, and that, should it be found that the Navy has not received the stores, the War Office will be communicated with as to the legitimacy of the charge to naval funds.

NAVY APPROPRIATION ACCOUNT.

Vote 9.—War Office Claim in respect of Productions, &c.—*continued.*

Chairman—continued.

1055. (To Sir *C. L. Ryan.*) Have you any remark to make on this point?—Practically, I think that admits the contention that they should look after these articles, and that they will do so if they find they have not got them.

1056. (To Sir *Gerald FitzGerald.*) Do you admit that contention?—Certainly; we are bound to look after them.

Major H. PILKINGTON, R.E., called in; and Examined.

On Vote 10.

WORKS.

TRANSFERS OF STORES BETWEEN ITEMS OF WORK, AND SUITABILITY OF PRESENT FORM OF VOTE FOR EXISTING REQUIREMENTS.

Chairman.

1057. (To Major *Pilkington.*) You are Director of Works, I believe?—I am.

1058. With regard to paragraph 18 of the Comptroller and Auditor General's Report, I understand that the system therein alluded to is moribund, that is, it will soon be done away with; if that is the case it is not much use to ask questions about it?—That is so; it is under consideration to alter the system of account.

1059. May we assume that there will be an alteration?—I cannot say. (Sir *Gerald FitzGerald.*) That involves the question of altering the form of Vote 10, presented to Parliament; and this requires consideration.

1060. You cannot say much on the point raised in this paragraph at present?—No; the alteration in the system of accounts would mean altering the form of Vote 10; the Treasury would look very jealously, I think, at any alteration in that Vote.

1061. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point?—The answer just given refers to Vote 10, I presume. I think, looking at the extension of the works,

Chairman—continued.

and also at the work that will have to be done under the Naval Loan Fund, it is desirable that there should be a recasting of this Vote, because it differs very much from the War Office system. The War Office do almost everything by contract; the Admiralty carry out a good deal of work by their own men, paying wages and buying material; and according to the way in which the Works Vote is now fixed there is no division between contract, labour, and materials, and I think that the recasting would be very desirable if it could be carried out. Of course it involves the recasting of the estimates, as Sir Gerald has pointed out. At present the matter is under consideration, and I am only able to express the opinion that it is desirable it should be done if possible.

1062. (To Mr. *Ryder.*) Have you any remark to make upon this question?—The Treasury is certainly prepared to give their best consideration to the suggestion made by the Comptroller and Auditor General; but I might observe that it is only a few years ago that, after a long correspondence, the Navy Works Vote was brought on to the same lines as the Army. I do not think

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NAVY APPROPRIATION ACCOUNT.

Vote 10.—Transfers of Stores, &c.—*continued.*

Chairman—continued.

think the Treasury would be very eager for any further alteration to be made in a hurry. I do not think that any such alteration would be made by the Treasury without carefully thinking whether the War Department works ought to be treated in the same way. The Comptroller and Auditor General spoke of the War Department doing everything by contract. I fancy that is true as regards the main part of their works, but that, as a matter of fact, they do carry out a goodish number of minor works by sappers and their own men, and it would not be wise to introduce the proposed change into the Navy Works Vote without thinking whether it ought not to be extended to the Army, and possibly also to the English and Irish Civil Works Votes. But the Treasury certainly has an open mind on the subject, and will be ready to consider it.

1063. Do the Treasury realise that it will involve a re-casting of Vote 10?—The Treasury, I think, is fully alive to the very great change that will be involved, and possibly a considerable addition of expenditure. (Sir *Gerald FitzGerald.*) There is no doubt that there would be a considerable addition of expenditure, if the work were done entirely by contract, instead of in the manner in which it is now carried out by the Director of Works.

Mr. *Hanbury.*

1064. That would not follow, would it, from the suggestion of the Comptroller and Auditor General at all?—Yes.

1065. How would it follow?—Major Pilkington would have the work done by contract as the War Office does, and that would cost more money.

1066. Is it not the fact that the Comptroller and Auditor General suggested that there should be a separate head of the Vote for Contract Labour, not necessarily implying that all the labour should be contract work?—If, as Mr. Ryder says, the War Office and the Admiralty must be uniform in their estimates and accounts, it follows that, instead of doing the work ourselves, contractors must be employed, as in that Department.

1067. (To Mr. *Ryder.*) As I understand, one of your objections to introducing this change was that it would make the system in the Admiralty and the Army different?—Yes.

1068. Supposing the system were made the same in both Departments, then, as I understand, there would not be much objection?—Not if the change was thought desirable in itself. I am not sure that I quite follow the Accountant General in his statement that doing all the Navy work by contract would follow from the change recommended by the Comptroller and Auditor General. The additional expenditure I referred to was rather the cost of expense

NAVY APPROPRIATION ACCOUNT.

Vote 10.—Transfers of Stores, &c.—*continued.*

Mr. *Hanbury*—continued.

accounts. If a programme of the works was formed and worked up to in the manner suggested by the Comptroller and Auditor General, I rather think it would follow that expense accounts would have to be prepared and presented to Parliament, just as we have for the shipbuilding. It was to that I referred when I spoke of possible additional expenditure.

1069. (To Sir *C. L. Ryan.*) I suppose your object is to make the whole thing more intelligible to the House of Commons?—Certainly; to get a closer grip upon it by dividing between labour and material, and seeing that they work up to the total of the programme more clearly than you can see at present, when it is all under one head without division.

1070. You would be prepared, I understand, to make the same recommendation with regard to the Army as you make with regard to the Navy?—Certainly, so far as they do the work by themselves, and not by contract.

Mr. *Arthur O'Connor.*

1071. (To Sir *Gerald FitzGerald.*) Surely accounts are only the financial reflection of actual facts?—Yes.

1072. Any accountant worthy of the name would be able to render an account which would truly reflect the actual facts, would he not?—Yes; it is only a matter of expense.

1073. But the accounts could not affect the amount of work done by contract?—The proposal is, that if the works are executed by the Admiralty, as at present, expense accounts will have to be prepared. Rather than this it would be cheaper to do nine-tenths of the work by contract.

1074. But the shadow follows the substance, not the substance the shadow; the accounts are the shadow. You do not require to alter the system of carrying out your work, whether it is by contract or any other system, simply because you alter the accounts?—This would follow from a change in the manner of preparing the estimates and accounts.

1075. But the estimates are only figures, they are only ink and paper?—But the accounts would have to follow the estimates, and in order to avoid the proposed expense accounts the Director of Works would probably prefer entering into contracts for all his work.

1076. That has not been considered?—That is one of the points in considering the question of revising the estimate for Vote 10.

1077. But a change in the estimates need not affect the work done; the items included in your estimates would be affected by the work you expected to do, but the particular form in which it is presented in the estimate would not be affected

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Navy Appropriation Account.

Vote 10.—Transfers of Stores, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

affected by the actual method of carrying on the work under the money mentioned in the estimate?—No.

1078. You shape the Estimates as the House of Commons, the Comptroller and Auditor General, or the Treasury, think necessary, independently altogether of the manual labour of your shipwrights?—Yes.

1079. The accounts rendered also would not be affected, in form at least, by shipbuilding or anything else?—No.

Mr. *Hanbury.*

1080. What you mean, I understand, is this; that if you had a portion of the work done by contract, and a portion of it done by your own men, doing it by your own men would imply having Expense Accounts like those you have at the Dockyards?—Yes.

1081. (To Major *Pilkington.*) Would that involve so very large an expenditure?—Practically, we have Expense Accounts sufficient for our own purposes now, but not under the Dockyard Expense Account officers. We have Expense Accounts of our own to bring our accounts properly to book; but the difficulty of the system is that we do not properly account for our stores' items, as is pointed out by the Comptroller and Auditor General.

1082. (To Sir *Gerald FitzGerald.*) Then the objection you suggested as to the expense that would necessarily be caused does not arise, does it?—The Comptroller and Auditor General, as I gather, would require Expense Accounts as elaborate in certain respects as those prepared for Vote 8; and this would cause a large additional expenditure for clerks. That is one of the objections to a change in Vote 10.

1083. Are not your present Expense Accounts adequate?—They would not be adequate for the Comptroller and Auditor General's purpose.

1084. (To Major *Pilkington.*) I understand you to say you have Expense Accounts now?—We have not Expense Accounts in the General Dockyard form. I have my own accounts in my own form, which give me all the information I require for dealing with the separate items of cost.

1085. Would the extra expense amount to anything at all considerable?—We should have to extend the Dockyard Expense Account to our work, I presum. (Sir *Gerald FitzGerald.*) That would require a large establishment of clerks.

Sir *John Hibbert.*

1086. (To Sir *C. L. Ryan.*) I should like to ask whether you agree in thinking that these suggested alterations would lead to a serious increase of expenditure?—I do not think that they would or ought to; and certainly so far as the Audit Office is concerned, it has no wish to push the thing into any elaboration that can be avoided.

Navy Appropriation Account.

Vote 10.—Transfers of Stores, &c.—*continued.*

Chairman.

1087. Does not the evidence which we have just received cover the point raised in the next paragraph, paragraph 19?—It has been practically upon that question that the evidence has been given.

1088. (To Mr. *Ryder.*) Have you any further remark to make with respect to paragraph 19?—No.

Mr. *Hanbury.*

1089. (To Sir *Gerald FitzGerald.*) This question of the re-arrangement of the Vote has been under consideration for a year, as I understood?—It has been under consideration for some time.

1090. The Comptroller and Auditor General's first letter was on 13th April 1894, and the matter is still under consideration?—Yes.

Mr. *Arthur O'Connor.*

1091. There will, I suppose, be no alteration in the Vote without its being first submitted to this Committee?—I should think not.

[Major *Pilkington* withdrew.

On Vote 11.

Miscellaneous Services.

Chairman.

1092. (To Sir *Gerald FitzGerald.*) In paragraph 21 the Comptroller and Auditor General says with regard to the damage done to colliers in coaling Her Majesty's ships in unfavourable weather, that it appears to be very expensive and hurtful to the men?—We only estimate for a nominal sum under this head, as the character of the expenditure renders it impossible to forecast what amount will be required with any approach to accuracy.

1093. That is understood; but the point the Comptroller and Auditor General draws our attention to is this, "that this excess has been caused by various claims maturing in 1893–94 in respect of damage done to colliers while coaling Her Majesty's ships in unfavourable weather, &c., to the extent of more than 3,000*l.*" Upon that, I ask is that necessary; can you tell us how this arises; why does the coaling go on in such bad weather, involving such expenditure?—Ships have to coal whether the weather is fine or rough, and in bad weather some damage occurs which has to be paid for by the Admiralty.

1094. That could not be remedied under the conditions of service?—No.

1095. The Admiralty are alive to the damage to the men, and the cost?—Certainly. This expense is caused by damage to colliers in coaling Her Majesty's ships. We have to get Treasury sanction either before or after each payment.

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NAVY APPROPRIATION ACCOUNT.

Vote 11.—Miscellaneous Services—*continued.*

Chairman—continued.

1096. I suppose that attention is given to this matter?—Yes, every case is examined carefully.

1097. So as to avoid coaling in bad weather?—Of course a ship must get coal when necessary, whatever the state of the weather.

Mr. *Arthur Williams.*

1098. I notice that one claim was carried into a court of law, and the other claim seems to have been settled without litigation?—Yes; we try and settle them without litigation, but sometimes we are driven into a court of law.

1099. You do as far as possible try to settle without litigation?—Yes.

1100. You find in the event that it is very much cheaper?—Much cheaper, I have no doubt.

On VOTE 14.

CLAIM ABANDONED IN RESPECT OF PENSION FRAUDULENTLY DRAWN.

Chairman.

1101. (To Sir *Gerald FitzGerald.*) I would ask your attention to the point raised in paragraph 24 with respect to a pension fraudulently drawn; I suppose that case has been dealt with, and precautions have been taken to prevent a recurrence of similar cases?—Yes.

1102. Have you any remarks to make upon it? I have no remarks to make upon it.

1103. It was a simple fraud upon the part of the widow, was it not?—Yes; that case was settled, I think, last year.

1104. I see it is stated that in this case the pension was "fraudulently obtained by a widow for some years after the death of her husband"?—That was dealt with last year, I think, by the Public Accounts Committee.

1105. (To Sir *C. L. Ryan.*) Is that so?—The sum appears as written off in this account.

1106. Was it dealt with last year by this Committee?—I do not recollect it. (Sir *Gerald FitzGerald.*) The general question was referred to.

1107. How could the widow have even fraudulently drawn the pension after the death of her husband?—She forged his name.

1108. (To Sir *C. L. Ryan.*) It was not this particular case that was raised last year, although similar questions as to pensioners were raised?—This case came up for the first time this year, I think.

1109. Was not the point raised as to how far pensioners should attend personally?—No, I do not think that was raised.

1110. (To Sir *Gerald FitzGerald.*) However, you say the necessary precautions are being taken?—This case has been closely examined into, and every precaution is taken against pensions being obtained fraudulently.

NAVY APPROPRIATION ACCOUNT.

Vote 14.—Claim abandoned, &c.—*continued.*

Sir *Arthur Hayter.*

1111. There has been no change of system at all, has there?—No.

1112. The answer of the Admiralty rather was that there are 20,000 pensioners scattered all over the kingdom, and there were very few cases of fraud, not sufficient to justify the large expense of adopting further precautions such as were suggested as to identity?—Yes.

Mr. *Arthur O'Connor.*

1113. You do not know how many cases of fraud there are until they are individually discovered?—No; but we adopt means to prevent them, and also of punishing offenders.

1114. That is when they are discovered?—Yes.

1115. Of course you are not in a position to say that there is no fraud going on?—No.

1116. There is none that you know of?—No.

1117. But it is quite conceivable, I presume, that there might be another case besides this now, just as there was last year?—Yes.

Sir *John Hibbert.*

1118. Have you attempted to obtain information as to the system in operation at the War Office which is referred to by the Comptroller and Auditor General in this paragraph?—Yes, we have; but we found the Admiralty could not adopt the War Office system without incurring heavy expense.

GENERAL.

ROYALTIES ON CERTAIN MANUFACTURES FOR NAVAL SERVICES AT THE ORDNANCE FACTORIES IN 1893-94, EXCLUDED FROM NAVY ACCOUNTS OF THAT YEAR.

Chairman.

1119. (To Sir *Gerald FitzGerald.*) In the penultimate sub-paragraph of paragraph 25 the Comptroller and Auditor General, after adverting to the Admiralty contention that the payment of royalties is exceptional, and should not be looked upon as part of the current ordinary charges of carrying on the factories, goes on to say: "In this view I am unable to concur. The War Office have merged the royalties in question in the cost price of the articles in 1893-94, and the amount forms parts of the credit to Appropriations in Aid, Ordnance Factories Vote, 1893-94. It would then appear more proper for the Admiralty to have dealt with the complete charge for the articles in Navy Accounts, 1893-94, and not to have adopted a method of classification which throws out the agreement between the figures of the paying and receiving Departments, at the same time disturbing the simple working arrangement as between customer and manufacturer." Have you any remark to make upon that?

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NAVY APPROPRIATION ACCOUNT.

Royalties on certain Manufactures, &c.—*continued.*

Chairman—continued.

that?—On consideration, I concur with the Comptroller and Auditor General that the charge in future should be in the year in which it is claimed; that is, in the Production Account.

1120. (To Sir *C. L. Ryan.*) Upon hearing that are you satisfied?—Yes, my objection is admitted, I understand.

1121. To Mr. *Ryder.*) Have you any remark to make upon the point?—The Treasury would entirely concur with the Comptroller and Auditor General.

Mr. *Arthur O'Connor.*

1122. (To Sir *Gerald FitzGerald.*) I do not quite understand this concurrence in what appears to me to be a false representation; the royalties are payable, but not paid, in the financial year, and the War Office, which prepares the accounts, merges the amount of these unpaid royalties in what it calls the cost price of the article?—That is so.

1123 (To Sir *C. L. Ryan.*) And then the War Office asks the Admiralty to pay the War Office money which the War Office has not paid on account of the Admiralty; it appears to me that that is an anticipation, something artificial and untrue, and that the contention of the Admiralty was perfectly right; they were not liable as principals to pay their agents money which their agents had not yet expended?—The question turns upon the word "agency"; I do not admit that.

1124. I will drop the word agency and fall back upon the real facts of the case; that money had not been paid by the War Office?—No; but at the same time it was part of the price that the War Office had undertaken to do the work for. They are manufacturers who contract with the Admiralty to make certain works for them for a certain sum. The royalties they have to pay are included in that sum. They may not discharge all their liabilities to the outside people, to whom they have to pay the royalty, within the year. The principle they go upon is that which any ordinary trader would go upon in charging the price of the article he delivers to you, although he might not have discharged his liability to the manufacturer whom he has employed at that time.

1125. But we as the Public Accounts Committee have to deal with the accounts of the War Office, and we are told that production vouchers are made up and calculations are elaborated which show the actual cost of material, labour, and the expense of administration and incidental expenses, such as royalties no doubt, but those figures are supposed to represent facts and absolute payments, not merely liabilities?—I am not responsible for the Ordnance Factories, but there is a liability debit in the Ordnance Factory Accounts for amounts chargeable in 1893–94 remaining unpaid amounting to 28,900*l.*

NAVY APPROPRIATION ACCOUNT.

Royalties on certain Manufactures, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

1126. That would cover these royalties?—Yes.

1127. That is an item in the balance sheet from which the cost figures are derived with regard to all the articles produced?—Yes.

CLAIM UPON THE COLONIAL OFFICE IN CONNECTION WITH A PUNITIVE EXPEDITION ON THE RIVER GAMBIA AGAINST FODEY CABBAH.

Chairman.

1128. (To Mr. *Ryder.*) On page 146 in the penultimate sub-paragraph of paragraph 26, the Comptroller and Auditor General says, with regard to furnishing a statement of the extra expenditure by the Admiralty in connection with a punitive expedition on the River Gambia, that the Treasury recognise the difficulty of the task, and suggest that it need not be undertaken except at the direction of Parliament; and then he goes on to comment further; have you anything now to present to this Committee upon that point?—The Treasury certainly would offer no objection to the preparation of such a statement if the Committee wished it, but they concurred with the Admiralty that it need not be prepared in the absence of some intimation of the wishes of Parliament through this Committee or otherwise.

1129. What do you think would be the view of the Treasury as to preparing such a statement?—That it ought to be prepared if Parliament wishes it.

1130. But do you recommend Parliament to direct that such a statement should be prepared; would you advise that this Committee should make a recommendation to Parliament to that effect, or not?—I think it might be advisable that the Admiralty should do what the War Department do. The War Department do append to their Appropriation Accounts statements of the actual expenditure on military expeditions and all the little wars that go on all over the world; and if it can be done with a reasonable amount of difficulty only, I think the Treasury would advocate the Admiralty following the example of the War Department in that matter.

1131. (To Sir *Gerald FitzGerald.*) What have you to say upon the evidence that Mr. Ryder has given?—There is a great difference between the expenditure by the Army and by the Admiralty in such cases as these; we can give all such expenditure except telegrams and coal. We have said to the Comptroller and Auditor General, I think, and certainly to the Treasury, that the items not claimed were such as would be difficult to distinguish or assess. For instance, in the case of telegrams, those might reasonably be regarded to a very great extent as

NAVY APPROPRIATION ACCOUNT.

Claim upon the Colonial Office, &c.—*continued.*

Chairman—continued.

on ordinary naval service, it being necessary for the commanding officer to keep up communication with the Admiralty or with the Commander-in-Chief. Then, as regards coal, there may be expenditure in proceeding to a certain place, but the ship's stay at such place may mean a saving of fuel which might have been otherwise expended in cruising on ordinary naval service, and the final result might be actually a diminution of expenditure. In these circumstances it was considered impossible to prepare a statement of the extra expenditure incurred on the service with any approach to accuracy; and the Treasury concurred in this view. All the rest of the expenditure we have already given, and I have a statement here of the heads of expenditure reclaimed as being directly attributable to the expedition: Field allowances; gratuitous issue of half boots; stores specially purchased; compensation for loss of clothing; hire of and food for natives; issues from ship's stores; and entertainment of military officers and soldiers, and so on.

1132. But, on the whole, would the Admiralty be prepared to give this statement, or not?—Yes; except those two items of telegrams and coals that cannot be assessed.

1133. But those items are not very important, are they?—Coal would be the largest item, naturally.

1134. Regarding that item the Admiralty think they cannot manage it?—It is impossible to say what is attributable to that service.

1135. (To Sir *C. L. Ryan.*) What have you to say upon the question after hearing the evidence that Sir Gerald has given?—It is not a question for me in any way; it is rather a question whether for its information Parliament would like to know even approximately the cost of these naval expeditions. My impression would be that if the War Office give it, it would be desirable that the Admiralty should also give it for what it is worth.

1136. Sir Gerald FitzGerald says the largest item is coal, and that it is impossible to give that item?—I understood him to say that that item might be actually a saving. I should disregard coal altogether, and give the special expenditure.

1137. (To Sir *Gerald FitzGerald.*) With that exception you could give the figures, I understand?—With the exception of coal and telegrams, we can give everything else.

Sir *Arthur Hayter.*

1138. (To Mr. *Ryder.*) Is the Treasury reason for foregoing the full claim against the colony on account of the resources of the colony, or on account of the difficulty in arriving at the expense?—The Treasury was anxious that the principle should be recognised of its being the duty of the colony to contribute according to its power. The negotiation had to be conducted through the Colonial Office, and the Treasury was persuaded that a certain amount representing part only of the extra expenditure would be a fair contribution, and, therefore, they consented to receive that.

1139. That is the principle you apply both with regard to the War Department and naval expeditions?—Yes.

LOSS OWING TO THE DEFALCATIONS OF A PAYMASTER NOT WRITTEN OFF, PENDING THE VIEWS OF THE PUBLIC ACCOUNTS COMMITTEE.

Mr. *Arthur O'Connor.*

1140. (To Sir *Gerald FitzGerald.*) In the second section of paragraph 27 it is stated that "the Board of Admiralty came to the conclusion that the commanding officer of the ship had not carried out the duty of examining the balances periodically, and at irregular periods, as required by the Queen's Regulations, with the requisite precision and exactitude, and they dealt with his case as a matter of naval discipline." That is a very ambiguous sentence; it is a statement with a qualification; it means that the commanding officer did not carry out the duty of examining the balances, or that he did not do it with the requisite precision and exactitude; what is the statement?—He carried out his duties, but he did not do it with sufficient precision.

1141. Then he did not omit the duty of examining the balances?—No.

1142. He did not do it as the Admiralty thought with sufficient care and exactitude?—That is so.

1143. What is the amount of care and exactitude which he is required to show as indicated by the Queen's Regulation?—They are elaborated in the Regulations themselves.

1144. I have them all before me; if you quote any passage from them I shall be able to follow it?—I cannot quote the instructions without reference to the Regulations.

1145. What particular instruction did he not carry out?—I cannot tell, because I have not the accounts before me. A report from me went to the Treasury in which I explained in detail the *lâches* on the part of the captain in this matter.

1146. Is it true that the accounting officer falsified his cash account?—It is.

1147. Would you, knowing what accounts are, and having some idea of the accounting capability of combatant officers, think that the commanding officer could be reasonably expected to realise the fact that the accountant officer had falsified his cash account?—I should think he

Navy Appropriation Account.

Loss owing to the Defalcations of a Paymaster, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

he would consider his accounting officer an honest man until he had found him to be guilty.

1148. According to the regulations the captain alone, or the commanding officer, or whatever his rank may be, has two other officers associated with him, has he not, for the purpose of the review of the accounts?—He may have for the accounts, but he is alone responsible for examining the cash balance.

1149. Has he not officers associated with him for the purpose of examining the accounts?—He may require an officer to assist him, but he is responsible.

1150. I am not asking about his responsibility; he may, and as a matter of fact he does, call in other officers sometimes, at any rate?—He may do so.

1151. Is that because it is understood that an individual officer cannot be expected to check, in all the details, the accounts?—The check the commanding officer has to give to the Paymaster's accounts is comparatively easy.

1152. What is the object of allowing him to associate with himself two other officers?—I am not aware that he does associate with himself other officers, except when there is an inquiry into the proceedings of an accounting officer.

1153. On what occasion, then, does he call in these officers?—In the case of an inquiry into an officer's accounts, he would get some other officer to examine the details, or to count the cash balance.

1154. In regard to the cash accounts and the cash balance there is this regulation as to the duty of the commanding officer, that "he, or two or more officers specially appointed by him on each occasion when the proper time arrives, to count the balance of public money in the accountant officer's charge——"

1155. That is a different thing from what we have here. I understand that; but at any rate, on certain occasions with regard to certain things, he alone, or two or more officers, may do a certain duty?—They may examine the cash. A Paymaster may have 10,000*l.* or 20,000*l.* in hand, and the commanding officer is allowed to associate with himself other officers in examining the cash balance and accounts.

1156. Then I find this regulation: "On the last day of each month he will examine, or cause the aforementioned officer to examine, the cash accounts for the month"?—Yes.

1157. So that it is not necessary that the officer himself should examine the accounts; he is not even expected under the regulations to make the examination himself?—The captain is expected to do it, unless something prevents him, or he is absent.

1158. It does not say in the regulations, "or upon good cause being shown he shall substitute other officers," but it says, "he shall examine or cause the aforementioned officers to examine;"

Navy Appropriation Account.

Loss owing to the Defalcations of a Paymaster, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

those are the words of the regulations?—He signs the certificate and renders himself responsible for the cash balance as well as for the accounts of the Paymaster.

1159. No doubt he makes himself responsible, he has to sign the certificate; but under the regulations, as I gather, he is not bound to inspect all these figures and accounts himself in every detail?—Certainly not.

1160. He may have other officers whom he may appoint for the purpose, though he may sign the documents at the end?—Yes.

1161. If, then, there is personal *lâches* of any kind or description besides the misconduct of the accountant officer, it may be that the *lâches* were not on the part of the captain or the commanding officer, but on the part of one of the officers appointed by him?—Yes; but, nevertheless, we have always considered the captain responsible when he is not absent on duty or otherwise.

1162. I am not talking now about the theory of the service, but about the facts and the way in which it works out. He may appoint other officers?—Yes.

1163. I suppose the officers appointed by the captain might be guilty of *lâches* as well as the captain himself?—I suppose so.

1164. Then it would not be the personal *lâches* of the captain?—We should still look to the captain if on duty.

1165. You are leaving my question: I am not asking as to the theoretical responsibility?—I have never had a case in which a captain has thrown upon any other officer that which he himself should have done. As a matter of practice the commanding officer always examines the cash accounts; I have never known the captain to say, "I am not the man to be charged with this liability; it is somebody else."

1166. Then am I to understand that these regulations have, to the knowledge of the Accounting Department of the Admiralty, no bearing whatever, because the cases contemplated never arise?—So far as I know.

1167. These regulations have gone through a large number of editions, have they not?—Yes. Going back to the matter referred to in this paragraph, the question is now settled, and, perhaps, I may be allowed to read a letter to the Treasury upon the subject.

Sir *Arthur Hayter.*

1168. Would you tell us the effect of the Admiralty letter, and the decision that the Treasury have come to?—I will hand in the letter from the Admiralty to the Treasury (*handing in the same*), and I will read an extract from it: "The Admiralty have not hitherto considered Article 1376 as applicable to commanding officers in the event of embezzlement by accountant officers

27 *March* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Sir G. FitzGerald, K.C.M.G. [*Continued.*

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Loss owing to the Defalcations of a Paymaster, &c.—*continued.*

Sir *Arthur Hayter*—continued.

under their command, nor have they so applied it. The Treasury contend that this article does apply to such a case, and should be enforced if the default of the commanding officer has been such as actually to conduce to the loss. My Lords direct me to say that an endeavour has been made to trace what led to the alteration of the article in the Queen's Regulations of 1879, and to the insertion of the words 'any money,' but without success, so that it cannot be explicitly stated what was the intention of the addition. There is little doubt, however, with my Lords, that there was no thought of including the pecuniary responsibility of the commanding officer in the event of defalcations by the accountant officer. My Lords observe with much satisfaction that their Lordships of the Treasury have expressed their appreciation of the manifold responsibilities of the commanding officer of one of Her Majesty's ships, and their sense of the inexpediency of imposing on him, in addition, direct financial responsibility, which (as is justly observed) properly belongs to the accountant officer, and for which he is paid, and the commanding officer is not. My Lords are glad to infer from the letter that their Lordships of the Treasury agree that, according to Article 1376, 'the power given by this article is to be exercised by the Board of Admiralty alone. They can enforce recovery in whole or in part, or not at all.' This point regarding the exercise of discipline is now clearly defined and put on record. Moreover, the letter of the regulation (Article 1376) supports the view taken by their Lordships. I am therefore to state, for the information of their Lordships of the Treasury, that this view will in future have full consideration with my Lords, when dealing with losses of public money in Her Majesty's ships. Consequently, if, in the judgment of my Lords, there has been default on the part of the commanding officer that has permitted, or conduced to, the loss of public money, they will not scruple to exercise the power given them by the article under discussion. I am to add that my Lords have caused further instructions to be prepared for the guidance of officers in charge of public money, and in the examination of cash balances periodically, copies of which are herewith. My Lords trust that there may now be no further objection to the write-off to Balances Irrecoverable of the loss in the 'Nymphe.'" The Treasury have agreed to that.

Chairman.

1169. (To Mr. *Ryder.*) Is that so?—That is so. The Treasury have been satisfied with the assurance of the Admiralty that the question of the responsibility of the commanding officer will always be considered. That was really the main point of the Treasury. The regulations attached a certain responsibility to the commanding officer, and they wished it to be made a reality. I will

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Loss owing to the Defalcations of a Paymaster, &c.—*continued.*

Chairman—continued.

hand in the Treasury letter in reply to that which has just been read (*handing in the same*).

1170. (To Sir *C. L. Ryan.*) Do you consider that this sufficiently meets the last sentence in this paragraph of your Report, on page 146?—The Committee will understand that in this matter I have only been acting as the intermediary between the Treasury and the Admiralty. It is a case that I was bound to bring forward, because the correspondence was sent to me. As I understand, the result arrived at does meet the modified view which I ventured to express in this paragraph, that if liability is imposed by the regulations that liability should be a reality, and not a mere form. I understand now that the Admiralty agree that they will take that point into consideration, and the Treasury will see and know how that has been done when they give their sanction to a write-off.

Mr. *Arthur Williams.*

1171. (To Sir *Gerald FitzGerald.*) To what extent are we to understand the Admiralty to accept the contention of the Treasury; as I understand it, it comes to this: it appears to me that at the present time the commanding officer is very much in the position of the manager of a large concern (say a bank) who has never, as I understand, been held accountable directly, by contract, with his employers for any pecuniary losses due to fraud on the part of his subordinates, even where there has been some negligence of his own. The view which the Admiralty have taken, as I understand, is that the responsibility is a grave moral responsibility; but they have considered that the article of the regulations in the case of a defalcation, even where there had been negligence on the part of the commanding officer, did not justify their exacting anything in the shape of a penalty or the payment of any part of the money which had been lost?—Yes. As a matter of discipline they punished him, but not as a matter of pecuniary responsibility.

1172. You put it upon rather a higher level?—Certainly.

1173. Now, as I understand, you accept to this extent the contention of the Treasury, that where it is considered desirable, in addition to the disciplinary punishment, you may add a penalty and exact part or all of the loss sustained by the negligence of the commanding officer; is that so?—That is so.

Mr. *Arthur O'Connor.*

1174. (To Sir *C. L. Ryan.*) In the last sub-paragraph you say that, in your opinion, "there is weight in the view that commanding officers, so far as they are concerned in the supervision of cash, and so long as duties in relation to cash are imposed upon them, may properly be held to incur to some extent a pecuniary responsibility." What do you mean by "to some extent," because that does not seem to me to harmonise with any

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Navy Appropriation Account.

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Mr. *Arthur O'Connor*—continued.

strict principle?—What I meant was what I have just now explained, that it should be a reality to be enforced to the extent to which the Board of Admiralty thought proper, that it should not be a form; there may be a money fine as well as some other disciplinary punishment. The opinion which the honourable Member has quoted is practically an *obiter dictum* of mine, because I was dealing with a matter which does not strictly come before me.

1175. You say he may be "properly held to incur to some extent a pecuniary responsibility." If there is a responsibility of a pecuniary kind, how can you limit it in any such way; the amount lost must be made up; if he has not that full and absolute liability, then there is no principle, is there?—I do not know that I should agree to that; I think you may punish him by a money fine.

1176. That is a question of the treatment of the offending officer; it is a matter of punishment not of pecuniary responsibility?—I should not have defined pecuniary responsibility as of necessity a liability to make good the wohle loss; it was not my intention to suggest that.

Mr. *Arthur Williams.*

1177. As I understand, in future cases what will happen will be this: if you find that negligence has been brought home to a commanding officer you will ask the Admiralty, possibly, whether they have called upon the commanding officer to make good some part of the pecuniary loss due to the negligence?—The Treasury in their answer to the Admiralty distinctly state they will do so; they say that if they think it desirable they will ask the Admiralty to give the grounds why they have not taken that course of action. The matter will not come to me in any shape until after the Treasury have given their sanction.

Mr. *Arthur O'Connor.*

1178. (To Sir *Gerald FitzGerald.*) As I understand, the Queen's Regulations have been altered?—They have been added to.

1179. They have been altered by addition, or modified?—They have been modified.

Navy Appropriation Account.

Loss owing to the Defalcations of a Paymaster, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

1180. After the date of this particular transaction?—No.

1181. Will you let me draw your attention to these words in the letter of the Admiralty of the 27th of November 1893: "The Report of the Accountant General is enclosed, and my Lords direct me to observe that, in view of the recent alterations in the Queen's Regulations ——"?—A new edition of the Queen's Regulations was issued in 1893. Certain modifications in that article had been suggested by the Treasury, and were added when the new edition came out.

1182. Then it was subsequent to this transaction, was it not?—No, some other defalcation occurred which probably caused the addition to be made.

1183. If you will look at page 154, you will observe that the Admiralty letter of the 27th of November refers to the final cash account of Her Majesty's ship "Nymphe," and speaks about the defalcation of the paymaster?—Yes.

1184. And the letter speaks of recent alterations in the regulations?—Yes.

1185. Then I will repeat my former question: have alterations, whether by additions or in any other shape, been made since these transactions?—Yes.

1186. I suppose the Admiralty would not have made them if they had not considered them necessary?—Certainly not.

1187. I should like to ask you a question with regard to the Treasury letter on page 155, and the statement therein contained that the commanding officer "failed to detect that the balance carried forward to the paymaster's cash account for October 1892 was 2,006*l.* 10*s.* short of the sum shown to have been left in hand by the September account." Have you those accounts here?—No, I have not.

On Votes 15 and 16.

No Questions.

[The Witnesses withdrew.

Wednesday, 3rd April 1895.

MEMBERS PRESENT:

Mr. Bartley.	Mr. Alpheus Morton.
Mr. Buchanan.	Mr. Mowbray.
Sir John Gorst.	Mr. Arthur O'Connor.
Sir Arthur Hayter.	Mr. Philip Stanhope.
Sir John Hibbert.	Sir Richard Temple.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

NAVY APPROPRIATION ACCOUNT, 1893–94.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

Sir GERALD FITZGERALD, K.C.M.G., called in; and Examined.

Chairman.

1188. (To Sir *Gerald FitzGerald.*) I BELIEVE you have two statements which you wish to put in in connection with some questions which you were asked at the last sitting of the Committee?—Yes, I have two statements which I will hand in; the first showing the actual cost of the maintenance of the Australasian Squadron during the years 1891 to 1894; and the second showing the expenditure incurred in connection with raising Her Majesty's ship "Howe" (*handing in the same*).

Chairman—continued.

NAVAL DEFENCE ACTS, 1889 AND 1893.

Mr. GORDON W. MILLER, called in; and Examined.

PURPOSE II.—DOCKYARD SHIPBUILDING, INCLUDING THE COMPLETION, &c., IN DOCKYARDS OF CONTRACT VESSELS.

Chairman.

1189. (To Sir *Gerald FitzGerald.*) In the last Sub-Head of paragraph 8 the Comptroller and Auditor General states that "The aggregate estimate, which showed an anticipated expenditure of 9,719,351*l.* in 1892 93, now stands at 9,813,711*l.*, leaving an unappropriated balance of the statutory provision to the amount of 186,289*l.* Would you kindly explain to us what becomes of this unappropriated balance, and whether we are to consider this statement of account as final?—That 186,000*l.* has not been voted, because it was not required. Perhaps Mr. Gordon Miller could go more fully into that point, if the Committee desire it.

1190. (To Mr. *Gordon Miller.*) Will you kindly explain what becomes of this unappropriated balance of 186,000*l.*, and whether we are to regard this account as final?—The original estimate of the cost of the dockyard-built ships under the Act of 1889 was 8,650,000*l.* There was a subsequent Act which authorised the Admiralty to expend up to a limit of 10,000,000*l.*, but the result has been that the Admiralty have completed the ships for less than 10,000,000*l.*, and this sum of 186,289*l.* will not be required.

Chairman—continued.

1191. That we understand: but what I ask you is, when you say it will not be required, does that mean that it is an unappropriated balance?—No: the original Act authorised the Admiralty to spend out of Navy Votes this sum of 8,650,000*l.* That power of expending out of the Navy Votes upon the Defence Acts dockyard-built ships was afterwards extended to 10,000,000*l.* All the money required for the dockyard-built ships has been taken in the Navy Votes, but the 186,289*l.* has not been taken in the Votes, because it was not required.

1192. It

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Sir G. FitzGerald, K.C.M.G., and Mr. Gordon Miller. [*Continued.*

NAVAL DEFENCE ACTS, 1889 AND 1893.

Purpose II.—Dockyard Shipbuilding, &c.—*continued.*

Sir *Arthur Hayter.*

1192. It has never been voted?—It has never been raised. It represents a sum that has never been accounted for to Parliament.

Chairman.

1193. You think it is not an unappropriated balance?—It is not an unappropriated balance of cash in hand.

1194. You observe it is mentioned by the Comptroller and Auditor General as an unappropriated balance, but you do not think it really is so?— The Admiralty would have been justified in spending another 186,000*l.* had it been necessary; but they did not find it necessary, and therefore they did not take the money.

1195. The money was never voted?—It was never voted.

1196. (To Sir *C. L. Ryan.*) If the money was never voted it is not an unappropriated balance, is it?—The words in the paragraph are, "an unappropriated balance of the statutory provision."

1197. (To Mr. *Gordon Miller.*) Do you admit that it is an unappropriated balance of the statutory provision?— It is a sum of money that the Admiralty have never raised. They did not require to spend more than 9,813,000*l.*; it was anticipated that the ships would have been finished for that sum, and no further sum was raised for the purpose.

1198. Therefore, when I ask the question as to what becomes of it, your answer is that it does not exist and has never existed?—So far as the Admiralty is concerned it has never existed.

1199. (To Mr. *Ryder.*) What is your view upon this point; do you accept Mr. Miller's view that the answer to the question is that the money has never existed, that it has never been voted, and never been raised?—The 10,000,000*l.* represents the amount which Parliament authorised the Admiralty to spend upon building certain ships, subject to the annual Vote of so much of that 10,000,000*l.* as might prove to be required. The Admiralty found, in fact, they did not require the whole of the 10,000,000*l.* The difference between what they actually required and the 10,000,000*l.* may, I think, in a sense be described as an unappropriated balance; but it is not an unappropriated balance in the sense of being money in the pockets of the Admiralty; it is simply money which they have not asked Parliament for.

1200. Then you admit the correctness of Mr. Gordon Miller's reply to my question as to what becomes of it, viz., that it has never existed?—I think the words used by the Comptroller and Auditor General are quite defensible; but they require, perhaps, a little explanation, which has been correctly given by Mr. Gordon Miller.

1201. (To Sir *C. L. Ryan.*) What have you to say upon this point?—The words used in the

NAVAL DEFENCE ACTS, 1889 AND 1893.

Purpose II.—Dockyard Shipbuilding, &c.—*continued.*

Chairman—continued.

Report are the words which are used at the end of the revised estimate, where it is stated "Unappropriated balance of the statutory provision under Naval Defence Acts, 1889 and 1893," that is to say, the Admiralty have not availed themselves of the statutory provision to its full amount; and that is all that was meant to be said in the paragraph.

1202. Do you think the point need not be pressed further because the money is not in anybody's pocket?—The money has never been raised.

1203. It is not in anybody's pocket?—No.

1204. Then *cadit quæstio*?—Yes. The point, of course, was whether the revised estimates, which showed an unappropriated balance of 185,000*l.*, are the final estimates or not.

1205. (To Sir *Gerald FitzGerald.*) That is the very question I put at first, and to which I have not yet been favoured with a reply; are these figures final?—The latest figure is 166,289*l.*, instead of 186,289*l.* mentioned in the paragraph.

1206. (To Mr. *Gordon Miller.*) May we understand that this 166,000*l.* is final?—No, it is not absolutely final; the final accounts are not yet rendered, and there may be some fractional difference.

1207. When will the final accounts be rendered?—They are not due until July, and there may be adjustments up to October.

1208. (To Sir *C. L. Ryan.*) Then we cannot, I presume, press this point any further at present?—No, I think not.

Sir *Arthur Hayter.*

1209. (To Mr. *Ryder.*) Is the money which the Admiralty are entitled to raise under the Defence Act voted annually in the Estimates?—It was voted annually until the year 1894–95; 1894-95 is the last year, I think, for the dockyard-built ships.

1210. Might they vote this unappropriated balance for 1894–95?—1894–95 is now over, and it is too late to vote anything further.

1211. They cannot raise any money under the Defence Act on these Estimates?—Nothing further.

Mr. *Mowbray.*

1212. (To Mr. *Gordon Miller.*) How do you get the 20,000*l.*, which is the difference between the 186,289*l.* and the 166,289*l.*, which appears in this year's account?—When the Comptroller and Auditor General wrote his Report that was the sum that was believed to represent the balance; but later information from the dockyards points to an increase of expenditure corresponding to the difference.

1213. Did you have to take a Vote for that extra 20,000*l.*?—Not a separate Vote for the money; it was provided in the aggregate grants of the year.

 1214. In

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Sir G. FitzGerald, K.C.M.G., and Mr. Gordon Miller. [*continued.*

NAVAL DEFENCE ACTS, 1889 AND 1893.

Purpose II.—Dockyard Shipbuilding, &c.—*continued.*

Mr. *Mowbray*—continued.

1214. In fact, there was not an unappropriated balance of 186,000*l.*, but only, so far as you can judge, of 166,000*l.*? — Yes. In charging the expenditure against dockyard-built ships, we debit the actual labour and materials expended, and in completing a programme of such magnitude a margin of difference is to be expected.

Mr. *Philip Stanhope.*

1215. Are these dockyard-built ships all completed?—They were completed by the 31st of March.

1216. Why has not the account been closed?—It is a lengthy process to close the dockyard accounts. Our accounts are posted so close up that we can ascertain approximately what the expenditure at the dockyard has been within a week or 10 days; but there would remain minor adjustments to be dealt with. We cannot close the Expense Account until the Appropriation Account is closed.

Sir *John Hibbert.*

1217. As the 20,000*l.* has disappeared since this Report was drawn up, is it possible or probable that the whole of this amount may disappear in the course of time?—No, I do not think so. The 166,000*l.* may be taken as final, subject to minor adjustments; and we are allowed up to October to bring them to account.

1218. Therefore, these final adjustments may make a certain additional portion of it disappear?—I think not; they would represent merely fractional differences.

GENERAL REMARKS.

PROGRESS IN REGARD TO CONTRACT AND DOCKYARD VESSELS IN THE FIVE YEARS ENDED 31ST MARCH 1894.

Chairman.

1219. (To Sir *Gerald FitzGerald.*) In paragraph 12 the Comptroller and Auditor General states that when the date for completion was extended from an earlier date to a later date, the contract vessels, with certain exceptions, kept to the earlier date, but the dockyard-built ships were still in arrear on the 31st March 1894; there had been only 16 out of 38 ships completed on that date; can you tell us whether those ships have all been since completed?—They were supposed to be all completed on the 31st March 1895. The ships representing the difference between the 16 and 38 were very near completion at the time this paragraph was written.

1220. You say they are supposed to be completed; do you know whether they actually are?

NAVAL DEFENCE ACTS, 1889 AND 1893.

Progress in regard to Contract and Dockyard Vessels, &c.—*continued.*

Chairman—continued.

—I cannot say. (Mr. *Gordon Miller.*) All the ships were completed within some months of the 31st of March 1895, except one or two; and the Controller of the Navy gave peremptory orders that they were to be passed out of hand before the end of the year. The dockyard officers were at the same time informed that no expenditure could be charged against new construction under the heads of those ships after that date. We have no reason to believe that that order has not been complied with; in fact, the accounts show that it has been.

1221. (To Sir *C. L. Ryan.*) Have you anything to remark, after learning the explanation that has been given?—No. I merely stated the facts as they were known to me at the time the Report was written.

COMPARISON OF COST RESULTS AS BETWEEN VESSELS BUILT BY CONTRACT AND IN HER MAJESTY'S DOCKYARDS.

Chairman.

1222. (To Mr. *Gordon Miller.*) In the last two Sub-Heads of paragraph 13 the Comptroller and Auditor General draws our attention to the fact that the comparative results show dockyard shipbuilding to be more favourable in the case of first-class battleships, but not so economical so far as can be judged by aggregate cost under the other types, while it is noticeable that dockyard results under the same types vary considerably *inter se*; and he goes on to say he has called the attention of the Admiralty to these facts with a view to any explanation being afforded that their Lordships may think it desirable to offer: have their Lordships afforded any explanation, or do they now desire to give any explanation through you?—The Admiralty received a letter upon the subject from the Comptroller and Auditor General on the 9th of February last, but they have not yet been able to answer it. The matter is nevertheless receiving their careful consideration.

1223. Do you think they will be soon able to make up their minds as to what they will say, or whether they will have anything to say?—It is a very technical question, and unfortunately the officer who would largely deal with the case has been absent from the Admiralty on account of sickness; that is one reason for the delay.

1224. (To Sir *C. L. Ryan.*) Have you anything to suggest upon the answer that has been given by Mr. Gordon Miller?—If I had been asked the question last week as to what I have to say with regard to what Mr. Gordon Miller has just stated, my answer would have been that I was quite prepared to accept the excuse of the Admiralty for having made no reply to my inquiries,

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Sir G. FitzGerald, K.C.M.G., and Mr. Gordon Miller. [*Continued.*

NAVAL DEFENCE ACTS, 1889 AND 1893.

Comparison of Cost Results as between Vessels, &c.—*continued.*

Chairman—continued.

inquiries, and that I did not wish to seem to press the matter any further. But I received yesterday a copy of the official correspondence which has taken place between the Treasury and the Admiralty, which goes to show that the reason of the delay in furnishing an explanation is a demur on the part of the Admiralty to my authority in asking for the explanation; and as that seriously affects my position as a Parliamentary officer, and the advantages which may result from my investigation of the accounts in giving information to Parliament, I think it is a matter that deserves serious consideration. I therefore would ask the leave of the Committee to put in the correspondence which has taken place, in order that they may have an opportunity, when it is printed, of reading it and deciding on the course they think it proper I should adopt. I should adopt any course which this Committee should think right with regard to the matter; but it is one of importance, and one which, therefore, I think, deserves their careful consideration.

1225. (To Mr. *Gordon Miller.*) I did not understand from your answer that the Admiralty at all demurred to the authority of the Comptroller and Auditor General; I only understood you to say it was a technical matter which required the further consideration of some officer who, you said, had been recently sick, and that therefore the Admiralty had not quite made up their mind?—I anticipated that the Comptroller and Auditor General would explain the situation as it now stands, which he has done. The Admiralty received the letter from the Comptroller and Auditor General, and they wrote a letter to the Treasury to ask their views upon the subject. That letter would have gone to the Treasury sooner than it did but for the causes which I have stated. The Admiralty have received the Treasury reply, but have not had time to consider it, and reply to the Comptroller and Auditor General.

1226. (To Mr. *Ryder.*) You have heard what Sir Charles Ryan and Mr. Miller have said; have you any remarks to make upon the point?—Perhaps it would be enough for me to say that in the view of the Treasury the questions put to the Admiralty by the Comptroller and Auditor General were very proper questions. They were, strictly speaking, perhaps outside the province of an auditor, but they were not such as might not with great advantage be put by the Comptroller and Auditor General. It was really a matter of discretion on his part whether he should put them or not. The view of the Treasury, further, is, that as regards the Admiralty, it is a matter of discretion on their part how far they should answer those questions. There might be reasons that made it undesirable to give the information asked for, or, at any rate, undesirable to give it at once.

1227. Do you think that the fact of these ships being built under a special Act of Parliament makes any difference as regards the functions of the Comptroller and Auditor General?—No; I do not think it could be maintained, for instance, that the Comptroller and Auditor General had not completely fulfilled the duties imposed upon him by Parliament if he, in his discretion, had determined not to raise these questions; no one could have said he had failed to fulfil all the duties imposed upon him by Parliament.

1228. But you think, as he has asked the questions, the Admiralty would do well to answer them; is that your view?—In the view of the Treasury the Admiralty would do well to show a willingness to give the information; but it is quite possible that it might be unwise to give it at a particular time. I think the position of the Treasury will be made quite clear when the Committee see the correspondence.

1229. (To Sir *C. L. Ryan.*) Having read the Admiralty letter, and considered the correspondence, do you still think it was within your duty, as well as within your right, to ask these questions?—I think so; and I expressed my views in a letter to the Treasury which will be found with the correspondence. If the Committee will allow me to put this correspondence in they will have the whole point clearly before them (*handing in the same*). I might suggest, perhaps, that before the correspondence is printed the Treasury letter should be submitted again to Mr. Ryder, with authority for him to take out any particular part of the letter which from pending circumstances it might be inadvisable to print. (Mr. *Gordon Miller.*) May I say that, so far as the Admiralty are concerned, they look upon the correspondence as being incomplete. All that the Admiralty have done in the matter is this: they received the Comptroller and Auditor General's letter and considered it, and it was eventually determined that, as the Treasury are alluded to in the Army and Navy Audit Act as the referees in such matters, the Admiralty should state broadly their views to the Treasury and ask their opinion. The Treasury have given the Admiralty their opinion, but it only arrived the day before yesterday, and, as a matter of fact, the Admiralty have not had an opportunity of studying it. The correspondence has not reached a final stage. (Sir *C. L. Ryan.*) I suggested that Mr. Ryder might look at the correspondence before it is printed; and I should like to add, that if the Admiralty wish to add anything to the correspondence it would be perfectly open to them to do so, and of course I should be only too glad that that should be done. I did not feel justified in not bringing the matter before the Committee, or even in postponing for another year the whole of this question, because that is what it would practically come to.

1230. Then the correspondence is handed in with

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NAVAL DEFENCE ACTS, 1889 AND 1893.

Comparison of Cost Results as between Vessels, &c.—*continued.*

Chairman—continued.

with the understanding that it is not to be printed yet, but is to be shown to Mr. Ryder in order that he may see whether any alteration requires to be made in the Treasury letter in the direction indicated. (Sir *Gerald FitzGerald.*) May I suggest that it may also be shown to the Admiralty before it is printed, because the Admiralty may consider that the correspondence is not complete and should not be printed in its present shape.

1231. It will be shown to the Admiralty and to Mr. Ryder, and it will not be printed until further orders arrive, and the Admiralty has sent in any supplementary letter they may desire to add. (Mr. *Gordon Miller.*) The supplementary letter would be the letter to be written by the Admiralty in reply to the Comptroller and Auditor General.

Sir *Arthur Hayter.*

1232. (To Mr. *Gordon Miller.*) Could you give us an explanation why the Comptroller and Auditor General says, "It is noticeable that dockyard results under the same types vary considerably *inter se*:" we have it that first-class battleships are built cheaper in the dockyard; can you explain why, given the same ships, they are more dear in one year than another?—I would submit that is part of the question that has been raised by the Comptroller and Auditor General, which the Admiralty wish to consider in framing their reply to the Comptroller and Auditor General.

Mr. *Philip Stanhope.*

1233. Although this question has been raised by the Comptroller and Auditor General this year, this is a matter which must have struck the Admiralty for some years past. The difference in cost between ships built in a private yard and built in the dockyard is not a new matter. Has there been no inquiry entered into by the Admiralty on their own responsibility to arrive at an explanation?—I could not answer that question. It is a matter which would be dealt with absolutely by the technical officers. I can only say that some few years ago inquiries were made into the administration of the dockyard establishments, and no expenditure of any moment is incurred at the dockyards without an estimate being, in the first instance, forwarded to the Admiralty, and I know, as a matter of fact, that the technical officers of the Admiralty very critically examine the whole of these estimates with a view to ascertaining whether they are reasonable or not.

1234. May I take it that up to this point at which the Comptroller and Auditor General intervened and called special attention to the matter, so far as you know, the Admiralty have never themselves, on their own responsibility, had this matter under consideration?—I think I should be wrong in saying that, because I feel confident that the technical officers of the Admiralty examine proposed work and expenditure in every phase.

NAVAL DEFENCE ACTS, 1889 AND 1893.

Comparison of Cost Results as between Vessels, &c.—*continued.*

Mr. *Philip Stanhope*—continued.

Further consideration of paragraph 13 postponed.

SHIPS TAKEN OVER FROM CONTRACTORS PRIOR TO COMPLETION OF CONTRACT WORK ON SHIPBUILDING.

Chairman.

1235. (To Mr. *Gordon Miller.*) In the last Sub-Head but two of paragraph 14 the Comptroller and Auditor General remarks that the Admiralty have been asked whether the statement showing the financial effect of the earlier delivery of certain vessels in an incomplete condition has been prepared, and in reply he has been informed that the matter is still unsettled as "questions have arisen between the Admiralty and contractors in regard to some of the ships which are at present *sub judice*," and he goes on to say that the consequence is that the extent to which Purpose II. is charged with expenditure not strictly pertaining to it cannot yet be stated. What explanation would you desire to offer upon that?—In the case of several ships that were built by contract under the Naval Defence Act it was necessary that they should be delivered speedily, or that certain work should be undertaken in the dockyards, and certain work, such as fitting torpedo tubes, was left unfinished and carried out in the dockyards. Had that work been done by the contractors it would naturally have fallen under the head of Contract Work, and, therefore, would have been charged to the 10,000,000*l.*, but as the work was done in the dockyard it might equally have been contended that it fell under the Completion of Ships in Dockyards, Purpose II. The Admiralty, in view of this difficulty, wrote to the Treasury, suggesting that a satisfactory adjustment would be that the charge should be to Purpose I., unless the cost of the work exceeded the rebate from the contract price, when the difference should be charged to Purpose II. The Treasury expressed their concurrence in the course suggested.

1236. What is the result of all that; is the question settled or unsettled?—The Comptroller and Auditor General, in the last sub-paragraph but one, points out that "the matter is still unsettled, as questions have arisen between the Admiralty and contractors in regard to some of the ships, which are at present *sub judice*." The remark of the Comptroller and Auditor General still applies. There are questions outstanding between the contractors and the Admiralty

NAVAL DEFENCE ACTS, 1889 AND 1893.

Ships taken over from Contractors, &c.—*continued.*

Chairman—continued.

Admiralty which it has not yet been possible to determine.

1237. So that the matter is still unsettled?—The matter is still unsettled, and must remain so for some time.

1238. The consequence is that the complete charges of expenditure to Purpose II. cannot yet be stated?—So far as the definite charges in the dockyards are concerned, the accounts are practically closed; but there are questions of importance at the present moment as between certain contractors and the Admiralty which cannot yet be settled.

1239. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point after hearing what Mr. Gordon Miller has stated?—As I understand, the Admiralty are not in a position to give a definite figure with regard to some portion of this expenditure, and the remark in this paragraph of my Report remains. The extent to which Purpose II. is charged with expenditure cannot be definitely stated at present.

1240. So that we cannot get any further at present?—No.

1241. (To Mr. *Ryder.*) Have you any remark to make upon the evidence which has been given?—No.

Sir *John Hibbert.*

1242. (To Mr. *Gordon Miller.*) How were these charges for the work done in the dockyards paid; was it paid out of Votes, or did the contractors allow money for it?—Assuming, for example, that the contract for a ship amounted to 200,000*l.*, a rebate was made in respect of the value of the particular work the contractor had left undone, say to the value of 1,000*l.* He was only paid 199,000*l.*

IMPERIAL DEFENCE ACT, 1888 (NAVAL SECTION).

AUSTRALASIAN AGREEMENT.

Chairman.

1243. (To Sir *C. L. Ryan.*) I UNDERSTAND upon the Imperial Defence Act Account you have not very much to remark or object to?—I have nothing to object to. The main paragraph of the Report is the third paragraph.

1244. Coming to the third paragraph, in regard to the adjustment of certain charges, the Treasury remarked in their Minute upon the Report of the Public Accounts Committee of last year that they hoped that when the matter should come before this Committee in the present year the Committee will be able to agree with their Lordships in thinking that, "as all the circumstances have been fully explained to Parliament, the excess charge may be adjusted by returning the excess issue of ammunition into store and charging the value to Vote 9." Then you go on to observe that this point still remains for final decision by the Committee. Would you recommend the Committee now to agree with the revised view of the Treasury?—So far as I am concerned, I should think there would be no objection to the Committee accepting this small charge in lieu of having it specifically voted, or (as would really technically be required if it was to be properly done) an amendment in the Act. The Committee will remember that it was a charge which was in excess of the statutory amount, and which, in my view, practically infringed the Act. But the amount was only a sum of 3,000*l.*, and the Committee, in their Report, proposed that it should be dealt with by way of being voted. That strictly would not comply with the Act, but the Treasury think, on the whole, that the stores might be returned and the account adjusted in that manner; and so far as I am concerned, if the Committee ask for an opinion from me, I do not see any reason why, the matter having been fully explained, that course should not now be adopted.

1245. (To Mr. *Ryder.*) I suppose your view would be the same as Sir Charles Ryan's upon this point?—The Treasury view is expressed in the Minute that was circulated a few days ago to the Committee. I do not know whether honourable Members have had time to read the paragraph in that Minute which relates to the matter.

Mr. *Arthur O'Connor.*

1246. (To Sir *C. L. Ryan.*) I suppose you have seen the Minute to which Mr. Ryder refers?—Yes.

[Sir *Gerald FitzGerald* withdrew.

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

STORE ACCOUNTS OF THE NAVY.

Dockyard Stores.

Value of Stocks at 31st March 1894.

Mr. *Arthur O'Connor.*

1247. (To Sir *C. L. Ryan.*) I observe you have given certain figures in paragraph 1 of your Report, namely, 2,452,000*l.* for March 1894, and 2,560,000*l.* for April 1893; I should like to ask you where you get those figures from. I suggest that you get them from the Dockyard Expense Accounts. The reason I ask is this: that in the Dockyard Expense Accounts, at pages 12 and 13, I see that a total of 2,452,492*l.* is accounted for, as on the 31st of March 1894, by adding together four items: "Authorised patterns," "Work in hand at manufacturing shops," "Obsolete patterns," and "Old stores for sale." Now, I suppose, it is proper to compare like with like; and taking those four items for the earlier period, they are set forth on page 12 of the Dockyard Expense Accounts, but they do not amount to the sum of 2,560,000*l.*, but to 2,567,000*l.*: the item of work in hand at manufacturing shops has been omitted in the total of 2,560,000*l.* I see, therefore, that the accounts at the beginning of the year have not been treated as the accounts at the end of the year; that you are not comparing like with like, and that, therefore, your statement of differences is not trustworthy?—I cannot answer that question without consulting experts.

1248. (To Mr. *Gordon Miller.*) Can you explain how that is, I put to Sir Charles Ryan?—The value of the stock of naval stores quoted by the Comptroller and Auditor General as 2,452,492*l.* will be found on page 137 of the Dockyard Expense Accounts.

1249. Will you give me the items which make it up; is the first 2,302,904*l.*?—Yes, on the 31st of March 1894; that is exclusive of the work in hand.

1250. That is for "Authorised patterns"?—That is so.

1251. The work in hand figures at 7,924*l.*?—Yes.

1252. The next item is "Obsolete patterns," 101,729*l.*?—Yes.

1253. The fourth item is "Old stores for sale," 39,935*l.*?—Yes.

1254. That makes up the total of 2,452,492*l.*?—Yes.

1255. Now, will you look at the items that go to make up the 2,560,215*l.*?—I think there is a slight error there. The work in hand has been left out.

1256. Is the Comptroller and Auditor General right, or is the Admiralty right?—I think the Admiralty are right.

1257. I think there is an error of 6,644*l.*; is not that so?—Yes, I think you are right; there is an omission of the work in hand in that case.

1258. How is it that these figures, admittedly

Mr. *Arthur O'Connor*—continued.

wrong, give out a difference of 107,000*l.* which remains to be accounted for, and that the Admiralty are able to account for it without discovering this error of 6,000*l.*?—The figures in the Comptroller and Auditor General's Report have not been scrutinised at the Admiralty.

1259. Excuse me, they have, and they have been worked up, too, with great skill. You will see if you look at page 163 of the Appropriation Account there is a difference between these two large sums of money of 107,723*l.*?—Yes.

1260. Now will you turn to page 60B of the Navy Appropriation Account; that accounts for the 107,723*l.*; it works out to a total of 107,723*l.*?—Yes.

1261. These figures are Admiralty figures, and not the Comptroller and Auditor General's figures?—Yes.

1262. The question I want you to answer is this: how is it that the Admiralty can work out to the sum of 107,723*l.* on their own figures the same as the Comptroller and Auditor General's figures, although the Admiralty admit that the Comptroller and Auditor General is wrong to the extent of 6,000*l.*?—It is a difficult thing to answer that question at once. If the honourable Member will allow me to postpone the answer I will look into the matter.

1263. In this connection, may I further ask you how, by whom, when, and for what object, was this form on page 60B prepared; it was prepared after the Comptroller and Auditor General had recognised the difference of 107,000*l.*, was it not?—I could not say that.

1264. At all events it is an adjusting statement?—The figures are so complicated that I should be very glad of an opportunity of looking into them, if I might be allowed to furnish the honourable Member with a statement on the subject. I am assured that they are right. I see the point which the honourable Member is putting to me.

1265. Perhaps I might suggest one or two points you should keep in view when you go into the figures. The first is this: this statement on page 60B purports to be an "explanation of the differences in the value of stocks of naval stores, coals, and dockyard-made machinery at the beginning and at the end of the financial year?—Yes.

1266. It represents, I presume, facts?—I should hope so.

1267. But that is what I wanted to ascertain. If it represents facts it means that it shows the difference between your stock in possession on the one date and your stock in possession on the other

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Value of Stocks at 31st March 1894—*continued.*

Mr. *Arthur O'Connor*—continued.

other date?—Yes; it is brought down to that figure you mentioned of 107,723*l.*

1268. That being so, will you kindly tell us why you bring in an item which is under the Sub-Head "Deduct" on account of articles not yet received but "to be received in future years;" because those cannot be in possession; they cannot be stock in hand. If they were received in a prior year, they ought to be in the value on hand at the beginning of the year?—The object in this case is to establish connection between the Cash Account and the Expense Account. An article may be received in the dockyard and the record of receipt does not reach the Accountant General's Department in time for it to be paid for during that year; but it would have been taken in stock at the dockyard and the value would be included in the Expense Account.

1269. The value can be included in any account you like; but I want to know how far this represents real facts, and whether this is really stock in possession at the time?—So far as this shows "payment for articles received in prior years," it indicates the difference between the payments and the stock received and the values charged to stock in the Expense Accounts during the year.

1270. Perhaps you will be able to make the thing clear in the statement you propose to furnish. At present it seems to me very much like a skirt dance in figures; it is very pretty and well balanced, but it does not establish or prove anything?—I will endeavour to make it clear.

Chairman.

1271. (To Sir *C. L. Ryan.*) Have you any remarks to make upon this point?—No; it is purely a technical question of figures. (Mr. *Gordon Miller.*) Might I add that at page 30 of the Dockyard Expense Accounts there is a full explanation of the connection between cash expenditure and stock and issues.

Mr. *Arthur O'Connor.*

1272. Yes; it was exactly that that puts me on the figures I have quoted?—I quite see the honourable Member's point, that there is that difference of 6,000*l.* which requires explanation, I think we may be able to explain it.

Chairman.

1273. Would you give the explantion at the next meeting of the Committee?—I propose at the next meeting to put in a statement which will clear up the difference between the figures which have been quoted. May I add that I think I was mistaken when I suggested a few minutes ago that there was an error in the figures of the Comptroller and Auditor General? I believe his figures are absolutely accurate; but the whole matter is susceptible of explanation, which will be forthcoming.

Further consideration of paragraph 1 postponed.

Store Accounts of the Navy.

Depletion of Sea Stores.

Sir *Arthur Hayter.*

1274. (To Mr. *Gordon Miller*). You will observe from what is stated in paragraph 2 that there has been a great depletion of sea stores going on increasing for three years?—Yes.

1275. It has increased, has it not, from 41,000*l.* to 107,000*l.* in the last year?—Yes.

1276. Are you aware whether the amount taken in 1894–95 was sufficient, so that they will not have to deplete the sea stores any further?—It is anticipated that in 1894–95 the amount would have been more than sufficient to meet the extra draw.

1277. This 516,467*l.* will be sufficient for the needs of the Navy in the year?—Yes.

1278. You will not have to deplete the stores any further?—No.

1279. Of course you do not yet know these figures for certain?—Not absolutely; but that is our estimate.

Independent Surveys of Stock.

Chairman.

1280. (To Mr. *Gordon Miller.*) Taking paragraphs 3 and 4 together, you will notice that in paragraph 4 the Comptroller and Auditor General inquires how far the suggested change in the direction of greater independence of the central surveying officers commends itself to the Board of Admiralty, and says he does not yet know, but he has recently been informed that the question is under the consideration of the Board, and that a communication will be made to the Treasury on the subject as early as practicable. Has that communication been made?—The Admiralty have already acquiesced in the suggestion of this Committee that the Comptroller and Auditor General should apply such tests upon the stock-taking as he may think desirable, and they have issued orders to the several dockyards and naval establishments accordingly. With regard to the suggestion that stock should be taken by a branch of the Admiralty distinct from the Storekeeping Departments, the Admiralty have awaited certain departmental changes before arriving at a conclusion in the matter. They will now cause the proposal to be considered with a view to an early decision, which will be communicated to the Treasury in reply to their Minute on the subject.

1281. (To Sir *C. L. Ryan.*) Have you any further remark to make upon this point?—No, I understand the question is still under consideration.

1282. You await a further communication from the Admiralty?—Yes.

1283. So that I suppose we cannot get further at present?—I think the question is not yet ripe.

STORE ACCOUNTS OF THE NAVY.

Independent Surveys of Stock—*continued.*

Sir *Arthur Hayter.*

1284. (To Mr. *Gordon Miller.*) Is there any special difficulty in appointing officers other than those of the Storekeeping Departments?—I believe the Departments concerned are not unanimous in their views upon the subject; and it would be a procedure that would involve considerable expenditure of money.

1285. It does not cause the expenditure of money in the War Department, does it?—I am not aware as to that. But if we established an elaborate system of stocktaking for all Departments, it would be necessary to appoint more stocktakers than we have at present. The amount of stocktaking carried on by officers from the Admiralty is now somewhat limited, being done by three men only. It is assumed that both this Committee and the Treasury recommended a considerable extension of the scope of the stocktaking in the future. It may also be necessary, in some cases, to provide for the inspection of stores in stock as to condition, so that the question covers considerable ground.

Mr. *Buchanan.*

1286. This is only with regard to having the surveying officer more directly under the control of the central authority, is it not?—There are a small number now under the central authority; they are working under the Director of Stores. But the proposal is to establish a stocktaking independent of the Director of Stores, and to attach the stocktakers to a Department independent of him.

1287. But merely making your inspectors more directly under the central authority need not necessarily increase the expense?—It would not increase the expense, if only the three persons now employed were to be continued upon it. But the object is to establish a regular system of stocktaking, not only in the Naval Store Department, but in others, and it is a question of extent and of cost.

Mr. *Alpheus Morton.*

1288. Do I understand rightly that the communication referred to at the end of paragraph 4 has not been made to the Treasury?—That further communication has not yet been made. The communication we have made to the Treasury is that the Admiralty have acquiesced in one of the suggestions made by this Committee last year, that the Comptroller and Auditor General should, at discretion, take stock.

1289. Is that part of the communication that is referred to in paragraph 4?—Yes.

1290. You have given an answer to the Treasury in writing?—Yes, as to part of the question.

STORE ACCOUNTS OF THE NAVY.

Independent Surveys of Stock—*continued.*

Mr. *Alpheus Morton*—continued.

1291. (To Mr. *Ryder.*) Is that so?—Yes, that is quite true.

1292. (To Sir *C. L. Ryan.*) Have you seen a copy of it?—No. I am aware that so far as the limited part of the question is concerned it is agreed that the Comptroller and Auditor General should, if he thinks proper upon special cause, take stock, but I am not aware as to answer having been made as to the larger general question.

1293. (To Mr. *Gordon Miller.*) Is the larger question likely to be settled soon by the Admiralty?—Yes, I think it will be settled soon now.

1294. During the present Session?—I should think so.

Mr. *Arthur O'Connor.*

1295. (To Sir *C. L. Ryan.*) Recognising the necessity of some kind of independent stocktaking, do you think it would cost your Department any more to do the work than it would cost the Admiralty to do it?—I cannot really say as to that; but, of course, as the Committee will remember, it was not the question of cost upon which I ventured to express an opinion on stocktaking last year, but rather on other considerations.

1296. (To Mr. *Ryder.*) Assuming that the cost of taking a survey is recognised as necessary, I suppose it would be a matter of indifference to the Treasury whether the money was expended for the service by the Comptroller and Auditor General or by the Admiralty?—I think the Treasury has never committed itself to the view that stocktaking is part of the functions of the Comptroller and Auditor General. It considers that function to belong to the spending Department. But it has advocated that some branch distinct from the Storekeeping Branch should carry on the duty of stocktaking.

1297. Stocktaking by an independent authority of some kind or other is recognised by the Treasury as desirable?—Independent of the Storekeeping Branch.

1298. If the Treasury fails to make, within a reasonable time, provision for an independent stocktaking, would the Treasury still insist upon its objection to the Comptroller and Auditor General taking the work in hand?—They think their objection would still remain in principle. Their view is expounded in the Stocktaking Minute, which, no doubt, every Member of the Committee has seen.

Mr. *Alpheus Morton.*

1299. What is the date of the Minute you refer to?—The 19th of October 1894.

1300. That is the Treasury Minute upon our Report?—Exactly.

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Robbery of Metal Articles at Portsmouth in 1892, and subsequent adoption of further Precautions.

Chairman.

1301. (To Mr. *Gordon Miller.*) In the latter part of paragraph 7, in regard to the changing of police from one yard to another, the Comptroller and Auditor General remarks that the Treasury, in October last, called attention to an expression of opinion by the Committee of Public Accounts, and suggested that "the end in view might be contributed to by a periodical transfer of police from yard to yard." The Comptroller and Auditor General then goes on to remark that it is possible that the decision arrived at by the Admiralty in July last may be modified. Can you inform us as to whether the Admiralty have acted on the view of the Treasury and in accord with the view of this Committee?—Information has been received from the office of the Commissioner of the Metropolitan Police (the dockyard police being members of the Metropolitan Police) that no arrangement as to periodical transfer has been made, but that when the Commissioner ascertains that any member of the force employed in the dockyards has a relative employed in the yard, he is immediately transferred. We have obtained this information from the police office.

1302. (To Mr. *Ryder.*) Have you any remark to make upon the point; have the Treasury received any written communication from the Admiralty upon the subject?—I think not. I think the Treasury would recognise the precaution mentioned by Mr. Gordon Miller as a step in the right direction. I do not think I can say more.

1303. Would they regard it as doing all they think is necessary to be done?—I think they would think it more satisfactory if a periodical transfer of the whole force could be arranged.

1304. (To Mr. *Gordon Miller.*) Does the Commissioner say that that cannot be arranged?—That I am not able to say. I have told the Committee the information we have obtained from the Commissioner of Metropolitan Police, who deals with this matter.

1305. Did I understand you to say that the Commissioner of Police said that such a periodical transfer of all the men would be inconvenient?—He has not said that. The inquiries this morning resulted in the statement that they had not made an arrangement as to a general system of periodical transfer.

1306. He said they had not made such an arrangement, but he did not say they could not make it?—Quite so.

1307. (To Mr. *Ryder.*) Would the Treasury think that a further reference should be made to the Commissioner of Police as to making a complete transfer from time to time?—It might be worth while to make a further reference.

1308. (To Sir *C. L. Ryan.*) Have you anything further to say upon the point?—I have

Store Accounts of the Navy.

Robbery of Metal Articles at Portsmouth, &c. —*continued.*

Chairman—continued.

nothing further to say; it is an administrative matter.

1309. (To Mr. *Gordon Miller.*) Do you think the Admiralty would make such a further suggestion to the Commissioner of Police?—If they receive a further communication from the Treasury they would doubtless communicate with the Commissioner of Police upon the subject.

1310. (To Mr. *Ryder.*) Do you think the Treasury would be likely to make such a communication?—If the Committee will refer to the matter in their Report the Treasury would naturally write to the Admiralty about it.

Mr. *Bartley.*

1311. (To Mr. *Gordon Miller.*) The letter from the Exchequer and Audit Department of the 7th October 1893 says that these robberies were going on over a lengthened period, and the falsification of the books extended over some time; was there no means of checking the books during that time?—This question was before the Committee last year, and I think the late Director of Stores explained that there had been falsification of the ledgers, and that steps had been taken to prevent the recurrence of any such irregularity.

1312. There was collusion in the staff, was there not?—There was some means of getting at the books.

1313. That of course will be stopped now?—The ledgers are now under lock and key at all times when they are not in use.

1314. Were they not under lock and key before?—Only in the offices.

Mr. *Philip Stanhope.*

1315. With regard to the police arrangements, I understand that the police in the dockyards are supplied from the Metropolitan Police?—They are entirely under the Commissioner of the Metropolitan Police.

1316. Perhaps you are not acquainted with the actual facts; is it within your knowledge what the general average service of the police officers in the dockyards is at present; have they been there for a long period of time?—I have no definite information on the subject.

1317. They are not sent there for a specified period and then displaced?—No.

1318. So that it is possible for a police officer to remain a long time in the dockyard?—I cannot say: I think that is a matter entirely in the discretion of the Commissioner.

1319. The assumption is, I presume, that these police officers have got into intimate relations with the officials of the dockyard probably from too long a service in the dockyard?—Yes. When I was visiting the yards I heard of the orders given; and I noticed letters in the press complaining about the action taken.

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

STORE ACCOUNTS OF THE NAVY.

Robbery of Metal Articles at Portsmouth, &c. —*continued.*

Chairman.

1320. Might I ask, did you have the impression that the creation of such a feeling indicated the necessity for a periodical transfer?—No; I had no means of forming an opinion upon the subject. I only mention that fact as bringing it to my recollection that transfers such as I have referred to have been made.

Mr. *Alpheus Morton.*

1321. Who makes the arrangements with the Metropolitan Police; the Admiralty or the Treasury?—I think the Admiralty carry on all communication with the Commissioner of Police with regard to the force that is to be maintained at the dockyards. I have not much information personally on the subject.

1322. (To Mr. *Ryder.*) Would it not be better that the police should be under the Treasury, as they really are watching for the Treasury?—I scarcely think so. I think it would be in better accord with the general administration of the Navy, and the dockyards especially, if the police arrangements were directly settled by the Admiralty, the Admiralty only referring to the Treasury on the subject of expense; when an increase, for instance, is required, the Admiralty would come to the Treasury for sanction.

1323. As a matter of fact, the police are set there to look after the Admiralty, are they not?—To look after the stores.

1324. If they are to look after the Admiralty stores would it not be better that the police should be under the Treasury, because it might happen that the very officials who go wrong are instructing the police?—I do not think it would be desirable for the Treasury to undertake the direct arrangements of the policing of the dockyards; I think it would lead to a conflict of jurisdiction, and it would be contrary to every other part of naval administration.

1325. That would not prove that it was wrong to make the change, would it?—I think it would show that it was probably wrong in principle.

1326. (To Mr. *Gordon Miller.*) I think you spoke of having communicated with the Police Commissioner this morning?—In looking through the Comptroller and Auditor General's Report upon the Store Accounts I found there were no papers in the office which enabled me to answer this question, should any honourable Member choose to ask it. Accordingly inquiries were made at the Police Office this morning, and I have told the Committee the answer that was given.

1327. When did you submit to the Police Office this question as to a periodical change of police from yard to yard?—I could not say that. It was some length of time ago.

1328. Was that question submitted to them before this morning?—Certainly. All that was done this morning was to ascertain what had taken place.

1329. Supposing it was submitted to them a month ago, how is it that you have had no reply?—I could not say. I was driven in a corner this morning to get the facts, and inquiry was made to ascertain what had been done.

1330. Is not that driving it too close?—I think it would have been quite possible to have obtained that information before.

1331. Is it satisfactory to the Committee that you should be driven up to the last moment before you get the information?—I merely thought the Committee might inquire what had been done in regard to the changes; and this is what I have ascertained.

1332. Was it a verbal message you got from the police?—I think it was in writing, but I am not sure. The communication was obtained by another branch of the Department and communicated to me.

1333. Would it not be advisable that you should have a formal reply from the police?—I am quite sure that the answer is correct.

1334. Can you submit a formal reply from the police to this Committee at another meeting?—I will represent any wish of the Committee to the Admiralty on the subject.

1335. I understand the police say they rather object to carry out this change?—The Commissioner of Police simply says that he has made no arrangement with regard to periodical transfers, but that he has taken steps to move any doubtful cases.

1336. Does the letter say that they will or will not carry out our desire, and what I understand to be the desire of the Treasury?—I can only say that I have furnished the only information which I possess on the subject.

1337. You could get, I suppose, a more formal reply from the Commissioner?—If this Committee desired it I have no doubt the Admiralty would ascertain and furnish the information.

Chairman.

1338. I suppose a communication was made to the Commissioner of Police?—I have no doubt the Admiralty have been in communication with the Commissioner of Police. It is a matter that appertains more to the Department of the Director of Dockyards than to my Department.

Mr. *Alpheus Morton.*

1339. Until you received the information you got from them this morning you have seen no formal reply?—I have seen no formal reply.

1340. You do not know that there was one?—I do not know. The information I have given the Committee was furnished to me by the Director of Dockyards. I do not know whether there is a letter. As a matter of fact we did not know that this Committee would reach the Naval Accounts so soon, and when we found it was to sit to-day the Director of Dockyards Department made inquiries and furnished me with this reply.

1341. Will

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Robbery of Metal Articles at Portsmouth, &c. —*continued.*

Chairman.

1341. Will you put in any correspondence there may be?—I will submit the matter to the Admiralty.

Mr. *Alpheus Morton.*

1342. So far as your experience is concerned, do not you think that this periodical transfer of police from yard to yard is the only way of getting this matter carried out properly?—I have absolutely no experience in the matter; I think the Commissioner of Police exercises his judgment in this matter; I cannot speak with any authority on the subject.

1343. (To Sir *C. L. Ryan.*) May I ask, is it still your opinion that this is the only way of getting the matter carried out properly?—I do not think I am qualified to give an opinion on a purely administrative matter of this sort. I should have thought that it was a desirable thing to do; I should have thought it was better not to allow the police to get too firm a hold, or too firm a tenure in any particular place; but that is mere *a priori* opinion, not one I can base on any documents or definite foundation of that sort.

1344. I suppose there is danger of collusion by keeping the men there too long?—I really cannot add anything to what I have said before.

1345. Do you know of any other method by which a proper check on these things could be kept?—I cannot suggest anything.

Mr. *Arthur O'Connor.*

1346. (To Mr. *Gordon Miller.*) I suppose whether the policemen under the Treasury directly or the Admiralty, their duty would be just the same?—I apprehend it must be.

1347. They are not there to watch the Admiralty, but to watch thieves?—Yes.

1348. How would the transfer of the police affect frauds which involved the falsification of two sets of records; the police do not do clerical duty, do they?—No.

1349. They do not understand the keeping or the examining of these record ledgers or the other books?—Their duty, so far as the stores are concerned, is to prevent peculation in kind, and not to preventing the falsifying of the accounts.

1350. It is not at all suggested that the police, directly or indirectly, had anything to do with the falsification of the records?—No.

1351. These frauds did involve, I understand, the falsification of more than one set of records?—Yes, I understand they did.

1352. Are you satisfied that the locking of the ledgers up for some hours in the 24 hours would prevent the falsification of the records?—I have had some experience in tracing out irregularities in the past, and I have found that they have generally been covered by the falsification of the records. Under present arrangements there are two distinct sets of persons concerned; the staff in the main store office and the staff in the storehouse.

1353. The man who touches the stores and the man who touches the pen?—Yes; but the

Store Accounts of the Navy.

Robbery of Metal Articles at Portsmouth, &c. —*continued.*

Mr. *Arthur O'Connor*—continued.

man who touches the stores also touches the pen, because he also keeps a ledger, and his ledger is compared with the ledger kept in the main office, at the end of each quarter. Therefore, to conceal such a fraud, the storehouseman would not only have to falsify his own ledger, but also the ledger kept by the bookkeeper in the main store office would have to be falsified.

1354. Or be in collusion with the other man?—Or be in collusion. Of course, when it comes to the two men being in collusion it is a difficult thing to deal with. It is there that the police come in, and it is their duty to prevent stores from being improperly taken from the dockyard, and they occasionally detect men attempting to do so.

1355. Are the men in charge of the stores on the premises when the ledgers are locked up?—The men in charge of the stores have nothing to do with the main office; the storehouses are perhaps some distance from the office, and there is what is called a record of expenditure or central ledger kept in the office. That central ledger forms a check on the ledger that the storehouseman himself keeps. But he has no access to it.

1356. I understand you to say, in order to make the frauds successful, there must be either collusion between the two ledger keepers, or one ledger keeper must have access to both of the books?—Yes; the storehouseman must have gone into the office during the silent hours, or when the staff was away; the falsification might thus have been managed without the bookkeeper knowing anything about it. In the past the books have been kept on the desk open in the office, and anybody could get at them who could gain access thereto, but now we lock them up.

1357. When they were not supposed to be at work at all?—Yes.

1358. Do you think the falsification could go on in working hours, and not only in the silent hours, as you call them?—If they could get at the books it might be so; but then the books are under the bookkeeper's eyes and under supervision all the day during the working hours. The staff do not leave the central office, and the storehouseman would not be allowed to come up to the office and touch the books.

1359. Under what system does it come about that the man who has the actual charge of the stores can know where the ledger is by which he is himself checked in another office?—He would know that it was in the main office.

1360. Would he know where it was deposited?—In the past he would have known, and it was for that reason that it was thought desirable to lock these books up, and I think that every precaution is now taken.

Sir *John Hibbert.*

1361. Do you know when the change was made by which the police for the dockyards were taken from the Metropolitan Police?—It was many years ago. I should think nearly 40 years ago.

1362. Was it not the fact that the dockyards

Store Accounts of the Navy.

Robbery of Metal Articles at Portsmouth, &c. —*continued.*

Sir *John Hibbert*—continued.

were originally policed by the Admiralty; by their own policemen?—Yes.

1363. And that was given up owing to objections to the system?—Yes, it was thought that the system would be more independent if it were under the Metropolitan Police.

1364. Would not the same objection apply if the police were found by the Treasury?—Speaking personally on the matter, I should think it would be impossible to place the police under better authority than the Commissioner of the Metropolitan Police.

1365. Is not one of the advantages of the present system that there is an opportunity of changing the police from time to time?—Yes, that is in the hands of the Commissioner of Police, as I understand; he can move a man at will, and if there were suspicion, doubtless the man would be moved forthwith.

Mr. *Alpheus Morton.*

1366. Do you know as a matter of fact that in other cases the Commissioner of Police does move men without suspecting anything?—I do not know whether men are moved from one division to another.

1367. It is so as a fact; but you could speak to that?—I cannot say.

Local Safeguards against improper Alteration, &c., of Dockyard Store Vouchers.

Chairman.

1368. (To Mr. *Gordon Miller.*) The Comptroller and Auditor General says in paragraph 9 that he has inquired of the Admiralty in what manner naval storekeepers at yards maintain a check upon the proper bringing to account of corresponding return vouchers, and satisfy themselves that no return notes have either been improperly altered or suppressed after leaving the hands of the yard officers returning the stores; and upon this point he states he is awaiting further communication from the Admiralty. May I ask whether a further communication is about to be made; I understand the Comptroller and Auditor General has not received it?—I am afraid it is one of those cases in which the letter is on the road to the Comptroller and Auditor General at this moment. His letter was answered this morning.

1369. If you have got the letter here will you tell us the substance of it?—There has been a correspondence with all the yards upon this subject. The Admiralty fully recognise the importance of the criticism of the Comptroller and Auditor General in this matter generally, and they have issued directions upon the subject. When stores are drawn or returned there are duplicate vouchers; in the case of issues the original remains with the storehouseman, who issues the stores. He sends it direct to the storekeeper's office through his leading man,

Store Accounts of the Navy.

Local Safeguards against improper Alteration, &c.—*continued.*

Chairman—continued.

and it becomes the voucher to the accounts. The duplicate is handed to the person who draws the stores; he takes it with him (with the stores) to the foreman, or whoever is supervising the work, and the foreman should see that the stores are correct. Boxes have been placed in various parts of the dockyards (the keys being kept in the storekeeper's office) as receptacles for these vouchers after the stores have been sighted by the person who has requisitioned them. The boxes are taken daily to the store office, and the vouchers there taken out. It is hoped that by these means the alteration or suppression of notes before they reach the store office will be avoided. A similar arrangement has more recently been made in the case of notes for stores returned. It should be added that the original voucher is used for posting in the quantity ledger kept by the storehouseman, and (when the articles have been valued) for posting in the stock valuation ledger, while the duplicate is posted in the second quantity ledger kept in the storekeeper's central office; thus the central office ledger, the stock valuation ledger, and the storehouseman's ledger constitute a system of check the one upon the other. The box system has been in operation some short time, and in the course of the next few months, when it has been in operation long enough to give it a sufficient trial, we shall test it to see if it works satisfactorily.

1370. (To Sir *C. L. Ryan.*) Have you anything to remark after hearing what Mr. Gordon Miller has said?—I cannot possibly express an opinion upon an arrangement I have only heard of at this moment. It is at present only on trial, as I understand from what Mr. Gordon Miller says now.

1371. You will not be able, I presume, to give an opinion upon this arrangement for some time to come?—No, not for another year, certainly.

1372. (To Mr. *Ryder.*) Have you any remark to make upon the point?—I have no remark to make.

Sir *Arthur Hayter.*

1373. (To Mr. *Gordon Miller.*) Before the foreman puts the voucher into the box, he being the man who issues the stores, does he initial it?—No. The storehouse-man issues the stores, marking the voucher, to indicate that they have been issued, and that voucher (the original) is passed up to the store office as a voucher to the accounts. The duplicate voucher goes with the stores and comes back to the store office, and forms a means of checking the storehouseman's accounts. It is a press copy (so that there cannot be any tampering with it), and also enables the foreman to see that he has got the stores he asked for.

1374. He cannot get any more without an initial from the man issuing the stores?—They are not allowed to alter the notes, or if any alteration of a note were necessary it would be initialed.

1375. I-

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Local Safeguards against improper Alteration, &c.—*continued.*

Mr. *Philip Stanhope.*

1375. Is this system on trial in one particular yard, or have you applied it universally?—It is at all the yards; general instructions were issued, and I think it is applied at all the yards.

1376. Has it been long in operation?—It has been in operation for about two or three months.

Mr. *Alpheus Morton.*

1377. Has this system been carried out for two or three months without a communication going to the Comptroller and Auditor General?—I am afraid that is the case. As to returned stores, the Comptroller and Auditor General has only just been informed, but as to the issues, the letter was sent to the Comptroller and Auditor General on 23rd October last.

1378. (To Sir *C. L. Ryan.*) As I understand, in any case, you would want more time to consider this arrangement even if you had had a letter?—I think it would be desirable to have more time to consider it.

Mr. *Arthur O'Connor.*

1379. (To Mr. *Gordon Miller.*) Supposing stores are returned, the officer returning will have a voucher of some kind showing what it is he has to return?—The voucher is made out by the person returning the stores. There is no account difficulty about returning stores from a ship in commission or on paying off, because then there is a transfer of stores from one accountant to the other, and the transaction can be followed; but in the case of stores from work on a ship in hand, a note is made out by the officer wishing to return the stores, and that note is sent with the stores to the return store. Then, to ensure that the quantities are really taken to store, a press copy of the return note, showing the quantities taken into store, is sent back to the officer who authorised the return of the stores. After he has satisfied himself that the quantities are correct, that copy is put in the box, and is so passed on to the store office.

1380. The man returning the stores has a voucher to show what stores he has to return?—Yes, he takes the duplicate voucher with the stores to the return store.

1381. Having returned the stores he gets a receipt, whatever you may call it, that discharges him?—The duplicate is handed back to him.

1382. He gets some kind of document which he can produce as his discharge?—Yes.

1383. What guarantee have you, after the stores have left his hands and he has got his discharge, that the man who takes from him accounts for the receipted stores?—You mean the storehouseman.

1384. Yes?—That is where this box comes in. This duplicate or press copy is sent back in the hands of the man who has returned the stores; he takes it back to the foreman, who should see it is put in the box, and the box brings the

Store Accounts of the Navy.

Local Safeguards against improper Alteration, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

note back to the store office, where it forms a voucher to the accounts.

1385. That is to say, the man who has sent the stores (not the man who has delivered them) communicates with the superior officer of the receiving officer?—He communicates with the store office where the central ledgers are kept through the medium of the box.

1386. That is to say, with the superior officer of the receiving officer?—Yes.

Mr. *Philip Stanhope.*

1387. I see the circular letter of the Admiralty, printed on page 168 in the Appendix, was issued by the Admiralty to all the home yards except Deptford and Chatham. Why were those two yards excepted?—I find I was incorrect in saying that the system has been applied to all the yards at once. As regards Chatham it was understood that the Superintendent was trying a local plan, and it was thought desirable to let that stand, and see what was the outcome of it. We are always glad, if we see a reasonable system established in a yard, to let it be tried. At Deptford there are no returns. Deptford is a shipping yard for providing stores to foreign yards.

Foreign Yards.

Test of Foreign Yard Accounts, 1893–94.

Mr. *Alpheus Morton.*

1388. (To Mr. *Gordon Miller.*) I observe paragraph 10 says that there has been a delay in regard to the forwarding of the accounts from Coquimbo; why have not those accounts come from Coquimbo in time to be audited?—The Admiralty admit the irregularity of the action of the Coquimbo officers. There seems to have been some misunderstanding. In this case the stores are on board a store ship. The Admiralty have called for the accounts, but it takes some time for a letter to reach Coquimbo, and to receive a reply; we are expecting to hear daily.

1389. It is not a big affair, I understand; it is not a yard, you say, but a ship?—It is a ship, the "Liffey." It is a difficult thing, sometimes, to get accounts promptly from these outlying places.

1390. You think that in future this will not occur?—I think not.

Chairman.

1391. (To Sir *C. L. Ryan.*) This point to which the honourable Member alludes, I understand, will be dealt with in this year's Report?—Yes, they will be dealt with as part of the examination of the subsequent year, 1894–95.

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Delay in rendering Store Accounts of Her Majesty's Ships for Audit.

Chairman.

1392. (To Mr. *Gordon Miller.*) The Comptroller and Auditor General remarks, in the latter part of paragraph 11, that the delay in passing Ships' Store Account for audit was referred to in his Report of 1890 91, and then it was expected that permanent improvement would follow; but he says that he awaits the reply of the Director of Stores in the hope that some satisfactory arrangement may now be effected. Will you tell us whether the Director of Stores is preparing the reply, or whether he has replied?—We have replied to the Comptroller and Auditor General, and he has expressed his concurrence in the reasons given why the accounts were delayed.

1393. When was that?—We received a letter from the Comptroller and Auditor General in reply on the 23rd of March.

1394. (To Sir *C. L. Ryan.*) Have you any further remark to make upon the point?—The reply from the Admiralty was received on the 19th March, and I have reason to hope we shall not have this delay in future.

1395. So that for the present, I suppose, you are satisfied?—Yes.

Store Accounts of the Navy.

Delay in rendering Store Accounts, &c.—*continued.*

Chairman—continued.

1396. (To Mr. *Ryder.*) Have you any remark to make upon this point?—No.

Mr. *Alpheus Morton.*

1397. (To Sir *C. L. Ryan.*) You have got what you want for the present?—Yes.

1398. (To Mr. *Gordon Miller.*) May I ask whether arrangements will be made so that this delay of four years will not occur again?—There were special reasons for the delay. In one case, for instance, we had to communicate with the West Indies, and then with Hong Kong, because the officer moved about, and we had to follow him with the letters.

1399. Ought there to be four years' delay in any case?—I can assure the honourable Member we have an enormous number of accounts, and every effort is made with a limited staff to deal with them promptly. Delays are occasionally inevitable.

1400. You believe that in future you will be able to satisfy the Comptroller and Auditor General?—Yes, I hope so.

Mr. H. F. R. Yorke, called in; and Examined.

Abstracts of Losses and Condemnation of Victualling Stores.

Mr. *Alpheus Morton.*

1401. (To Mr. *Yorke.*) I see in paragraph 14 it is said that the details of losses of victualling stores relate mainly to "losses due to the exigencies of the service." What is the meaning of "the exigencies of the service"?—The phrase "exigencies of the service" covers everything except exceptional losses; that is to say, it covers waste and loss on issue, and condemnations of all sorts and kinds all over the world.

1402. It does not mean loss by robbery or anything of that kind?—No; anything of that sort would be specially mentioned in the return. All that would be included in the sum total.

Mr. *Alpheus Morton*—continued.

1403. These are losses you cannot help, from the nature of things?—Yes. They would include any particular losses as well, but the details, as pointed out by the Comptroller and Auditor General, are mainly due to the exigencies of the service.

Chairman.

1404. I observe that the total for losses and condemnations of victualling stores this year is less than the total last year by over 1,000*l.*?—Yes, it is 1,000*l.* less than last year.

1405. That is so far to the good?—Quite so.

Store Accounts of the Royal Observatory, Greenwich.

Chairman.

1406. (To Mr. *Gordon Miller.*) In paragraph 16 the Comptroller and Auditor General states that the Store Accounts of the Royal Observatory, Greenwich, were not in a state to be examined when he proposed to undertake the test audit in October last, but that certain structural alterations were proceeding, and he was informed that the Astronomer Royal hoped shortly to be able to report that the inventory which was to initiate the accounts was ready for examination, but that it was only notified to him by the Admiralty on the 22nd of January last that the statement in question was ready for

Chairman—continued.

examination; and he concludes by saying that owing to the late date at which the accounts are placed at his disposal, it is impossible to deal with them satisfactorily as part of the 1893–94 accounts. Might I ask how it is that the accounts were submitted to him at so late a date?—There seems to have been some misunderstanding on the subject; but the accounts have now been rendered. It is hoped that such delay will not recur.

1407. (To Sir *C. L. Ryan.*) Do you think we can get any further with this point at present? I think we shall be able probably to get a more satisfactory

STORE ACCOUNTS OF THE NAVY.

Store Accounts of the Royal Observatory, Greenwich—*continued.*

Chairman—continued.

satisfactory account for next year, 1894–95. I think there has been a good deal of rebuilding and reshifting at the Observatory, which has caused difficulty in rendering the proper Store Accounts.

1408. (To Mr. *Ryder.*) Have you any remark to make upon this point?—No.

Mr. *Alpheus Morton.*

1409. (To Mr. *Gordon Miller.*) We have been told there has been rebuilding; what is meant by that?—They have been erecting a new telescope at the Observatory, and building a receptacle for it.

1410. They will always be doing something of that sort, will they not?—I think it is coming to an end now.

1411. You do not expect that improvements will come to an end, do you?—No; but I know there was a great deal of work going on at Greenwich last year.

1412. You think that in future they will be able to satisfy the Comptroller and Auditor General in getting these accounts in in time?—Yes.

Colonel THALES PEASE, C.B., called in; and Examined.

NAVAL ORDNANCE STORE.

Mr. *Alpheus Morton.*

1413. (To Colonel *Pease.*) In paragraph 17 the Comptroller and Auditor General refers us back to paragraph 17 of his Cash Report at page 143, where the circumstances under which the postponement of the valuation of naval ordnance stores took place are referred to; I understand that that delay has already been explained?—That is so.

INDEPENDENT STOCKTAKING OF NAVAL ORDNANCE STORES FROM HEAD-QUARTERS.

Mr. *Alpheus Morton.*

1414. (To Colonel *Pease.*) What is the meaning of this statement in paragraph 18: "Nothing, however, appears to have been done, as no staff was available for the purpose"?—That question you will find has already been dealt with on paragraphs 3 and 4 of the Report on these accounts, the Store Accounts.

[Colonel *Thales Pease* withdrew.

DOCKYARD EXPENSE AND MANUFACTURING ACCOUNTS.

EXAMINATION OF HOME YARD ACCOUNTS; TEST COMPARISON OF STOCK VALUATION AND STORE LEDGERS.

Chairman.

1415. (To Mr. *Gordon Miller.*) In the last sentence of paragraph 1 the Comptroller and Auditor General says that the Treasury, in their Minute of the 18th of October 1894, recognise the value of the check given by the test comparison of stock valuation and store ledgers, but he understands its application has not up to the present been further extended, the Admiralty officer who will conduct it not having yet been appointed. When will that officer be appointed?—He has been appointed about two months, and has been at work ever since comparing the results of the quantity and value ledgers.

1416. (To Sir *C. L. Ryan.*) Have you anything further to remark upon this point?—No, I was not aware of the fact of that officer having been appointed.

1417. We cannot, I suppose, get any further than that just now?—No; the paragraph states what I thought at the time the Report was written.

1418. (To Mr. *Ryder.*) Have you any remark to make upon this point?—No.

Mr. *Alpheus Morton.*

1419. (To Mr. *Gordon Miller.*) Do we understand that though the officer has been appointed two months the Comptroller and Auditor General has not yet been informed of it?—I do not think that was a case in which we should inform the Comptroller and Auditor General; there was no question raised about it.

1420. (To Sir *C. L. Ryan.*) You would find it out, I suppose, when your people get round there?—Yes.

Dockyard Expense, &c., Accounts.

Cost Accounts of Shipbuilding at Her Majesty's Dockyards.

Chairman.

1421. (To Mr. *Gordon Miller.*) In the middle Sub-Head of paragraph 6 the Comptroller and Auditor General remarks, in regard to four ships, that a commencement of the new system of Cost Accounts had been made, and he states that he has now been furnished with statements extracted from the official Cost Accounts of two of these vessels, but with reservation that they have not been finally passed by the Admiralty, and under these circumstances he thinks it right to defer criticism for the present. I have to ask when will these Cost Accounts be finally passed by the Admiralty so that the Comptroller and Auditor General may criticise them?—The Cost Accounts of the "Barfleur" and the "Centurion" were the first Cost Accounts which we have received under the new regulations which were issued some little time ago. Those two ships are sister ships built at different yards, and it was thought desirable before passing these accounts to look very closely into the effect of the regulations. It has been found necessary to modify those regulations as the result of this closer and prolonged examination. The examination is necessarily prolonged, because the account of the ship is built up of such an immense mass of minute details. I may say the revised instructions were issued on the 26th of last month. The accounts of the "Centurion" and "Barfleur" will now be passed by the Admiralty, and will be handed over to the Comptroller and Auditor General for his review as soon as they are passed.

1422. (To Sir *C. L. Ryan.*) Have you any remark to make upon what Mr. Miller has stated?—I understand from what Mr. Miller has just said that they will be immediately handed over.

1423. So far, I take it, you are satisfied?—No doubt I shall in future be able to make some comparison upon receiving those accounts.

1424. (To Mr. *Ryder.*) Have you any remark to make upon this point?—No.

Sir *Arthur Hayter.*

1425. (To Mr. *Gordon Miller.*) Does this enable you to trace the difference in cost between building at the different dockyards?—Yes, it does; it is on these Cost Accounts that the Admiralty scrutinize the result of the dockyard work.

1426. Of all classes of ships?—Of all classes of ships. The accounts contain a division of the expenditure under certain groups which are susceptible of being dealt with by the technical officers.

Mr. *Alpheus Morton.*

1427. (To Sir *C. L. Ryan.*) Do I understand you think there has been delay in putting these accounts before you?—No, I cannot say that.

Dockyard Expense, &c., Accounts.

Cost Accounts of Shipbuilding at Her Majesty's Dockyards—*continued.*

Mr. *Alpheus Morton*—continued.

There has been great difficulty in getting at a common standard of measurement.

1428. I suppose it would be well that these accounts should be laid before you so soon as possible?—I think that will be the case from what has just been stated.

1429. (To Mr. *Gordon Miller.*) Is it the intention of the Admiralty in future to let the Comptroller and Auditor General see the accounts as soon as possible?—That is the intention of the Admiralty, and we have issued instructions that will bring the accounts of the different yards more into harmony. Different interpretations were put upon the instructions, and we have endeavoured to remedy that.

Sir *John Hibbert.*

1430. The delay has been entirely owing to its being a new system?—Quite so.

Outcome of the Accounts as regards Programme and Performance in 1893–94.

Sub-Head A.—New Construction—Dockyard Work.

Chairman.

1431. (To Mr. *Gordon Miller.*) Midway in paragraph 7 the Comptroller and Auditor General refers to two ships, and remarks that whereas the cost of labour of both those ships was estimated at 208,000*l.*, in the one ship this amount was worked up to, whereas in the other ship the amount worked up to was only 186,587*l.* He then proceeds to say he has asked the Admiralty whether they are in a position to explain this difference, but he has not yet received a reply; have the Admiralty yet replied?—This question is in the same category as that which has been discussed in connection with the Naval Defence Account, and, perhaps, as that question has been deferred, it might be convenient to the Committee to also defer this point; it is really on all fours with the other question as to the comparison of the cost of the different ships.

Mr. *Alpheus Morton.*

1432. One question as to the boilers of these ships; are they similar boilers to those we have heard about in the House of Commons?—I believe not.

1433. You will remember certain boilers were referred to in the House of Commons?—I am sure that these are not the boilers to which the honourable Member is referring.

Further consideration of paragraph 7 postponed.

3 *April* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Gordon Miller, and Mr. Yorke. [*Continued.*

VICTUALLING YARD MANUFACTURING ACCOUNTS.

Chairman.

1434. (To Mr. *Yorke.*) Paragraphs 4 and 5 of the Report of the Comptroller and Auditor General on these Accounts seem to contain some general criticisms regarding the high cost of the manufacture of biscuit at Malta; have you any observations to make to the Committee upon that point?—The increase in the cost of production of biscuit at Malta is almost entirely due to the increased cost of wheat. The greater portion of the wheat used in the Conversion Return to which this relates was wheat bought at the highest price. In December 1890 it was bought at 35*s.* a salm, which is a little more than a quarter. In November 1891 it went up to 47*s.* 9*d.* a salm, and a great portion of the wheat used in this Conversion Return was bought at that price. In November 1892 the price of wheat was 39*s.* a salm, and since then it has gone down to 32*s.* in December 1893, so that the next Conversion Accounts will show a reduction in cost of production of biscuit.

1435. Is not a rise in the price of corn a very exceptional thing in these days?—It does sound rather unusual. But the price of 47*s.* 9*d.* was in November 1891.

1436. This high cost will not recur, I presume?—Not unless the price of wheat goes up again.

1437. In the meantime it has been reduced, I understand?—It has gone down from 47*s.* 9*d.* to 32*s.* a salm.

Sir *Arthur Hayter.*

1438. This is not apparently all dead loss; I observe it produces more biscuit from the same quantity of raw material?—It produces slightly more biscuit.

Mr. *Philip Stanhope.*

1439. Do you give us the price of 32*s.* as the price of wheat?—I give you the actual price paid by the military authorities at Malta, who buy our wheat for us.

Mr. *Philip Stanhope*—continued.

1440. Did they buy at 32*s.*?—In December 1893 they paid 32*s.* for a salm, which is a little more than a quarter.

Mr. *Buchanan.*

1441. Have you any supervision over the discretion they exercise in the purchases they make for you?—No; the Army are the largest users of wheat there, and it is thought better not to have the two branches of the service competing with one another, and so they buy for us.

Mr. *Alpheus Morton.*

1442. That difference in the price of wheat does not account for the difference in the cost of production, does it?—It shows why the biscuit has gone up in price at Malta.

1443. I thought by the cost of production was meant the labour, &c., employed; you do not produce the wheat yourself?—No; we produce the biscuit from the wheat, and of course if the wheat costs more, anything produced from it costs more.

1444. In speaking of the cost of production you include labour and everything?—Everything is included in the return.

Chairman.

1445. Where do they buy wheat for the manufacture of this biscuit at Malta?—It comes almost entirely from Russia.

Mr. *Alpheus Morton.*

1446. I suppose they buy the wheat in the cheapest market they know of?—Yes.

[Mr. *Yorke* withdrew.

GREENWICH HOSPITAL AND TRAVERS' FOUNDATION.

Chairman.

1447. (To Sir *C. L. Ryan.*) I understand from your Report that you have no particular objection to make regarding the Greenwich Hospital Account?—I think the Report is merely a statement of certain facts, and that there is no criticism of any importance in the Report, or any action on the part of the Greenwich Hospital authorities.

1448. There is no such point which you would desire to bring before the Committee?—There is no point I wish to bring before the Committee with regard to this account at all.

Chairman—continued.

1449. Nor any point into which you think the Committee could with advantage inquire?—I do not think there is any point of importance which the Committee need trouble themselves to dilate upon.

1450. Can you suggest any inquiry that the Committee can with advantage make as regards this Account?—I think the Account speaks for itself. I see nothing in it calling for inquiry.

[The Witnesses withdrew.

Wednesday, 1st May 1895.

MEMBERS PRESENT:

Mr. Buchanan.	Mr. Mowbray.
Sir Arthur Hayter.	Mr. Arthur O'Connor.
Sir John Hibbert.	Sir Richard Temple.
Mr. Alpheus Morton.	

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

Sir GERALD FITZGERALD, K.C.M.G., and Mr. GORDON W. MILLER, called in; and Examined.

Postponed Paragraphs.

DOCKYARD EXPENSE ACCOUNTS.

Paragraph 7:

NEW CONSTRUCTION.—EXCESS EXPENDITURE UNDER SUB-HEAD A.

And

NAVAL DEFENCE ACTS ACCOUNT.

Paragraph 13:

COMPARISON OF COST RESULTS AS BETWEEN VESSELS BUILT BY CONTRACT AND IN HER MAJESTY'S DOCKYARDS.

Chairman.

1451. (To Sir *Gerald FitzGerald.*) IN regard to the postponed paragraph, paragraph 7, of the Dockyard Expense Accounts, have you some further information to give to the Committee?—I wish to say that it has not yet been possible to reply to the Comptroller and Auditor General's letter of the 9th of February 1895, asking for information as to the differences between the cost of ships built by contract and in the dockyards, as well as between the cost of ships built at the several dockyards. The Admiralty attach importance to the question raised by the Comptroller and Auditor General; and before arriving at a conclusion as to the expediency or otherwise, in the interests of the public service, of furnishing the information asked for, desire to give the subject their careful consideration, which, owing to circumstances beyond their control, has not been possible up to the present time. They would suggest, for the consideration of the Committee, that it might be more convenient if the question could be deferred until the accounts to the 31st March 1895, which will show the cost of all the ships built under the Naval Defence Act, 1889, have been closed.

Chairman—continued.

1452. You say it has not yet been possible to give that comparison?—Yes.

1453. Will it be given shortly?—The proposal is to postpone it till next year.

Mr. *Arthur O'Connor.*

1454. (To Mr. *Gordon Miller.*) Why should it be postponed until next year; cannot it be given before this Committee reports?—The Admiralty suggest, for the consideration of the Committee, that it might be more convenient if the question could be deferred until the accounts to the 31st March 1895, which will show the cost of all the ships built under the Naval Defence Act, 1889, have been closed. The Committee are now dealing with the accounts for 1893-94.

1455. What

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Sir G. FitzGerald, K.C.M.G., and Mr. Gordon Miller. [*Continued.*

DOCKYARD EXPENSE ACCOUNTS AND NAVAL DEFENCE ACTS ACCOUNT.

Comparison of Cost Results, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

1455. What would be the date of the account rendered, including the last item?—Up to the 31st of March 1895.

1456. When would the account be rendered?—It would be rendered at the close of this current year.

1457. By what date would the Admiralty have the actual document in their hands?—The account would not be completed until September or October, but not ready for publication, after the Comptroller and Auditor General's examination and Reports, till the beginning of next year.

1458. Are there quarterly accounts?—No; it is an annual account, and it depends for some of its details on the Navy Appropriation Accounts.

1459. Have you no subordinate accounts, by way of estimate, at any rate, to shew how the money has been running off?—Yes; there are the accounts that are received periodically showing the progress of expenditure, but it is not possible to bring the whole of the expenditure to account, including all the details, until the Appropriation Account is complete.

1460. They are all home accounts, I suppose?—They are all home accounts so far as new construction is concerned.

1461. Are we to understand that even if the Admiralty wanted the information for themselves they could not get it?—As I explained the other day we know sufficiently for our purposes what the expenditure has been, but until the Appropriation Account for the year is completed, there are some details we are not able to bring into the Expense Account. The Expense Account, as a rule, is completed about a month after the Appropriation Account.

Chairman.

1462. Then there was a question outstanding in regard to paragraph 13 of the Naval Defence Acts Account as to the difference in the cost of the vessels?—That is part of the same question which has just been dealt with.

1463. I gathered from your reply, which I understand will be applicable to both these cases, that you could give the information now approximately if it is to be merely approximate, but if you are to give it quite exactly there must be

DOCKYARD EXPENSE ACCOUNTS AND NAVAL DEFENCE ACTS ACCOUNT.

Comparison of Cost Results, &c.—*continued.*

Chairman—continued.

delay; is that not so?—There is no difficulty in ascertaining at the present moment approximately what the cost of the ships built under the Defence Act has been, subject to adjustment when the Appropriation Account is completed. In regard to the question of the reply of the Admiralty to the Comptroller and Auditor General's, letter which was dealt with on the former occasion, the Accountant General, in the statement he has made, pointed out that the Admiralty had not yet had an opportunity of deciding the nature of the reply that should be sent to that letter.

1464. I see that the question was not so much as to the difference of cost (that we know), but as to the explanation of the causes of the difference?—Yes.

1465. Do I rightly understand that the Admiralty are not yet prepared to give that explanation?—The Admiralty are considering the nature of the reply which should be sent to the Comptroller and Auditor General with especial reference to expediency, or otherwise in the interests of the public service, of furnishing the information which the Comptroller and Auditor General has asked for. The Admiralty have not yet had an opportunity of deciding upon that point.

Mr. *Mowbray.*

1466. There would be no difficulty, I presume, in submitting that letter to the Committee when it is written?—No; we thought at the last meeting it would have been possible to have completed by this time the correspondence on this point before the Committee which is now in print, but it has proved impossible; the correspondence is consequently incomplete.

1467. Assuming that the Admiralty thought it was consistent with the interests of the public service to answer the Comptroller and Auditor General's questions in full, I presume you would give this Committee all the information it wishes?—The reply to the Comptroller and Auditor General would give the Committee the information that the Comptroller and Auditor General is asking for.

[Sir *Gerald FitzGerald* withdrew.

STORE ACCOUNTS OF THE NAVY.

Paragraph 1:

DECREASE IN THE VALUE OF STOCK OF NAVAL STORES IN 1893–94.

Chairman.

1468. (To Mr. *Gordon Miller.*) In regard to paragraph 1 of the Navy Store Accounts, I understand you have prepared a Paper explaining the decrease in the stock valuations?—Yes; I have a statement here which explains the figures about which an honourable Member asked me on the last occasion. I will hand in this statement. (*The same was handed in.*)

Chairman—continued.

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Decrease in the Value of Stock, &c. *continued.*

Chairman—continued.

1469. (To Sir *C. L. Ryan.*) Have you seen the statement which Mr. Gordon Miller has just handed in?—No, I have not.

1470. I presume then you could hardly deal with it at the moment?—I could not deal with it at the moment.

Mr. *Arthur O'Connor.*

1471. (To Mr. *Gordon Miller.*) This statement has reference, I understand, amongst other things, to some of the figures shown on page 60B?—Yes, it has special reference to those figures.

1472. I will not press you beyond this one item now, but I should like to ask you this question: if you look at that page you will see under "Receipts" an item "Labour on manufactures exceeded the estimate by 305*l.*"?—Yes.

1473. The point I want to put to you is this: that that would tend to keep up the nominal value and not necessarily the quantity of stores; we are talking in terms of pounds sterling?—That would relate to the quantity. The supply of naval stores is provided for in two Votes, Vote 8, Section II., which provides the whole of the matériel, and Vote 8, Section I., the Labour Vote, which provides about 70,000*l.*, roughly speaking, for the manufacture of stores in the dockyards; and the amount that was estimated in 1893–94 was exceeded by 305*l.*; that 305*l.* has been worked into the stores shaped up into manufactured articles in the dockyards.

1474. That is to say, on labour there has been 305*l.* more spent than was expected?—Yes; it has gone into the manufacture of the stores.

1475. But as we are dealing here with matters in terms of pounds sterling, it by no means follows that that labour, which may be dearer than it used to be, represents a larger quantity of stores?—It represents the enhanced value of the same quantities.

1476. That is exactly what I am putting to you. You admit that it does indicate rather an increase of nominal value than of quantity?—Yes, I agree to that, but may I illustrate it by an example? Take the case of hemp: we may have hemp worth 1,000*l.*; by the time that has been turned into rope through the medium of this labour it is worth 2,000*l.*

1477. That raises rather an interesting point: do you assess the increased value by the amount of wages paid?—Yes: by the wages paid for the labour actually employed on the manufacture of that particular article, for example.

1478. Or do you assess it according to the increased market value given to it?—No; we take the rate-book price of the hemp, which is based upon its market value, and when that hemp has been turned into rope in the Dockyard roperies, the value of the rope is represented by the cost of the hemp plus the amount of labour employed in turning it into rope.

1479. My point is this: that this particular

Store Accounts of the Navy.

Decrease in the Value of Stock, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

item of 305*l.* represents rather nominal value than quantity?—Yes.

1480. Now, in the next line there is an item "Payments to contractors exceeded estimate by 13,775*l.*" According to the heading I gather that this is confined to the dockyards; is it not so, dockyard machinery?—No; the heading is "Explanation of the differences in the values of stocks of naval stores, coals, and dockyard-made machinery."

1481. Why do you treat that item of payments to contractors in that way?—That merely represents the amount by which the estimate for payments to contractors had been exceeded during the year.

1482. Why do you bring it in at all?—Because that goes to increase the difference between the value of the stores at the beginning of the year as compared with the value of the stores at the end of the year.

1483. Why do you bring in 710*l.*, "Loss on manufactures"?—That is not due to quantity. That item is the reduction of stock due to prices. In the process of our manufacture we brought them back into stock at rate-book prices, and that represents a loss as between rate prices and the cost of manufacturer of 710*l.*

1484. So that this return on page 60B really represents only the estimated value of stores and cannot be taken in any way as an indication of quantity?—The explanation against the item of 43,000*l.* which includes the 710*l.*, I think, perhaps, would be clearer if, instead of "Reduction of stock due to prices," the words "Reduction in the value of stock due to prices," were substituted.

1485. A little way above you will see a heading "Reduction of stock due to quantity," but you have worked it out, not in quantities, but in values?—These values represent the quantities that have been dealt with in the year.

1486. No, they represent labour, do they not?—They include the labour employed upon the stores which produces the increased value of the quantities.

1487. (To Sir *C. L. Ryan.*) Have you anything to remark upon the evidence which has just been given by Mr. Miller with regard to the non-receipt of a reply from the Admiralty?—I have no objection to the proposal that the answer of the Admiralty shall be deferred for a time till they are able to consider the question, and to give their reply as to whether they think it would be desirable to furnish the information which I have asked for. The Committee will understand that I asked for it more from a Parliamentary point of view than from a purely audit point of view, and I should ask leave to refer to the Committee again the question whether they think it expedient that this information should, or should not, be given after the Admiralty reply has been received.

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Gordon Miller. [*Continued.*

Store Accounts of the Navy.

Paragraph 7 :

Robbery of Metal Articles at Portsmouth in 1892, and subsequent adoption of further Precautions.

Chairman.

1488. (To Mr. *Gordon Miller.*) I believe you have some further information to give the Committee in regard to paragraph 7, as to the police arrangements in the dockyards ?—Yes ; I have obtained information as to the police arrangements about which I was asked at the last meeting of the Committee. I find that there had been no correspondence between the Admiralty and the Chief Commissioner of Police at the time I gave my evidence, but the Admiralty have since written to the Chief Commissioner of Police stating the information that this Committee desired to have, and the Admiralty have received a reply. I propose to put in that correspondence.

1489. What is the general tenour of it?—Perhaps I might read the correspondence ; it is not long.

1489*. Will you do so ?—This is the letter from the Secretary of the Admiralty to the Chief Commissioner of Police, dated 19th April : " Sir, —I am commanded by my Lords Commissioners of the Admiralty to acquaint you that with reference to the attached memoranda the Public Accounts Committee have expressed a desire to be informed what changes of system have recently been made with regard to the transfer of police employed in the dockyards. (2.) My Lords understand that the present arrangement is that no system of interchange between the force at the several dockyards is in operation, except that when it is ascertained that a member thereof has relatives employed in the yard at which he is stationed he is forthwith transferred to another yard. (3.) They further understand that a general system of interchange as between one yard and another, or between the yards and the division in London, would be attended with so much expense, especially in the case of married men, as to render its general adoption inexpedient. (4.) My Lords desire me to inquire whether their view of the circumstances is correct, and to request the favour of a reply by the 27th instant,

Store Accounts of the Navy.

Robbery of Metal Articles at Portsmouth, &c. —*continued.*

Chairman—continued.

as the Committee will meet again on the 1st of May." Then the reply from the Chief Commissioner of Police, dated 24th April, is as follows : " Sir,—With reference to your letter of the 19th instant, asking what changes have been recently introduced in the system of transferring police officers employed at dockyards, I have the honour to acquaint you, for the information of the Lords Commissioners of the Admiralty, that no change of system has been made ; but it was lately found necessary to transfer a certain number of men who had infringed the regulations of the service with respect to the employment of relatives in the dockyards or establishments in which they were serving. With regard to a system of interchange between the officers employed at the various dockyards, the assumption made by their Lordships is correct. The practice followed in the dockyard divisions in this respect is the same as in other divisions of the Metropolitan Police Force ; men being removed only for misbehaviour, inefficiency, or on promotion, the only exception being that no officer is permitted to serve in a yard or establishment in which any of his relatives are employed, except with the express sanction of the Commissioner. A constant and periodical interchange of officers between the dockyards is not, in my opinion, a measure calculated to produce any useful result. It would involve a considerable increase of expenditure with a loss of efficiency ; and, moreover, such a step presents undesirable features from an administrative point of view. To remove men from the dockyard divisions, in the absence of any of the reasons already referred to, would be to treat these divisions invidiously, as compared with the others, and might probably engender dissatisfaction. There is a constant flow of men into them, who are selected with great care, not only from new recruits on joining, but from amongst the ranks of the force generally, and on all cases of promotion."

[Mr. *Gordon Miller* withdrew.

LIST OF APPENDIX.

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APPENDIX.

APPENDIX, No. 1.

PAPER handed in by Sir *Gerald FitzGerald*, K.C.M.G., 27 March 1895.

NAVY APPROPRIATION ACCOUNT, 1893–94.

REPORT of the COMPTROLLER AND AUDITOR GENERAL.

Paragraph 8.—Net Deficit shown by the Appropriation Account.

WHEN, as admitted by the Comptroller and Auditor General, various causes have contributed to a deficit, it is very much a matter of opinion what is the determining factor in a deficit of 49,519*l.* on a net aggregate estimate of 14,240,100*l.* spread over 16 Votes.

The Comptroller and Auditor General considers the ordering of certain stores to the value of 60,000*l.* should be so distinguished, while the Treasury in their letter of the 2nd January last (printed with Account, page 137) give the failure of the Indian subsidy as the chief cause.

As a matter of fact, apart from the order of 60,000*l.*, there would have been still a deficit, as of that order stores to the value of about 29,000*l.* only were paid for in the year.

It is considered that the forecast for Vote 8, as a whole, was as correct as can reasonably be expected, complicated as it was by expenditure under the Naval Defence Act, viz., within 14,000*l.* on a total gross expenditure of 5,041,099*l.*, and net 4,739,828*l.*, the principal increase of expenditure, viz., of 28,522*l.* occurring on Section 3, which is dependent on the amount earned by contractors.

Vote 8, Section 2 (Naval Stores) was more accurate.

	£.
Anticipated deficit on Appropriation Account *	53,500
Which it was anticipated then would be met by transfer from Naval Defence Fund to the extent of	45,100
Anticipated net deficit on Normal Services	8,400
Deficit actual on Appropriation Account *	60,781
Transfer from Naval Defence Fund	55,304
Actual deficit on Normal Services	5,477

i.e., on an expenditure of 1,893,000*l.* gross, and 1,656,000*l.* net.

The actual expenditure on Naval Stores for Normal Services being, say, 3,000*l.* less than the forecast. It cannot, therefore, be admitted that the determining factor of the excess is to be found in any transaction under Vote 8, Naval Stores.

The Admiralty consider that the real cause of the deficit is more correctly to be found in divergence between the forecast and actual result on Vote 2 of 40,492*l.*, on Vote 10 of 17,200*l.*, and on Vote 11 of 14,200*l.*, all Votes in which there is a considerable amount of foreign and cash account expenditure, a large portion of which is uncertain and not known until after the completion of the year.

But in framing the Excess Estimate it was considered correct to assign the cause of the deficit on gross Votes principally to balances irrecoverable, a class of expenditure not provided anywhere in the Navy Estimates, while that on Appropriations in Aid was clearly attributable to the cause assigned, viz., failure of the Indian contribution.

VOTE 8.—1893–94.

STATEMENT of ACTUAL EXPENDITURE, as compared with FORECAST of 21st March 1894.

Vote 8.	——	As Forecast on 21st March 1894.	——	Actual per Appropriation Account.	Variation in Expenditure as compared with Forecast. More.	Less.
		£.		£.	£.	£.
Section 1 -	Deficit - - -	22,282	Deficit - - -	10,606	—	11,676
Section 2 -	Deficit - - -	8,400	Deficit - - -	5,477	—	2,923
		30,682		16,083	—	14,599
Section 3 -	Surplus - - -	96,082	Surplus - - -	67,560	28,522	—
	Total Net Surplus	65,400	Total Net Surplus	51,477	28,522	14,599
		51,477			£. 13,923 more.	
	Actual expenditure more than Forecast - - £.	13,923				

* Before adjusting expenditure under the Naval Defence Act.

1893-94.

VOTE 8.—SECTION I.—PERSONNEL.

	£
Anticipated Deficit on Appropriation Account	16,500
Anticipated Surplus on New Construction to be paid into the Naval Defence Fund	5,982
Anticipated Deficit on Normal Services	22,282
Actual Deficit on Appropriation Account	13,910
Transfer from Naval Defence Fund	3,304
Actual Deficit on Normal Services	10,606
Decrease in Expenditure as compared with forecast	11,676

VOTE 8.—SECTION II.—MATÉRIEL.

Anticipated Deficit on Appropriation Account	53,500
Which it was anticipated then would be met by transfer from Naval Defence Fund to the extent of	45,100
Anticipated Deficit on Normal Services	8,400
Actual Deficit on Appropriation Account	60,781
Transfer from Naval Defence Fund	55,304
Actual Deficit on Normal Services	5,477
Decrease in Expenditure as compared with Forecast	2,924

VOTE 8.—SECTION III.—CONTRACT WORK.

Anticipated Surplus on Appropriation Account	67,200
Expected Transfer from Naval Defence Fund	28,882
Anticipated Surplus on Normal Services	96,082
Actual Surplus on Appropriation Account	53,863
Transfer from Naval Defence Fund	13,697
Actual Surplus on Normal Services	67,560
Increase in Expenditure as compared with Forecast	28,522

G. FitzGerald
Accountant General of the Navy.

APPENDIX, No. 2.

PAPERS handed in by Sir *Gerald FitzGerald*, K.C.M.G., and Mr. *G. L. Ryder*, C.B., 27th March 1895.

PAPER handed in by Sir *Gerald FitzGerald*, K.C.M.G.

Sir, Admiralty, 12th February 1895.

In reply to your letter of the 8th December 1894, No. 17056, as to the responsibility of commanding officers of Her Majesty's ships for the defalcations of accountant officers under their command, arising out of the loss of Public Money in H.M.S. "Nymphe," in 1892, I am commanded by my Lords Commissioners of the Admiralty to make the following observations as to the interpretation and application of Article 1376 of the Queen's Regulations:—

The question between the Admiralty and the Treasury seems to be narrowed to the following issue:—

The Admiralty have not hitherto considered Article 1376 as applicable to commanding officers in the event of embezzlement by accountant officers under their command, nor have they so applied it.

The Treasury contend that this Article does apply to such a case, and should be enforced if the default of the commanding officer has been such as actually to conduce to the loss.

My Lords direct me to say that an endeavour has been made to trace what led to the alteration of the Article in the Queen's Regulations of 1879, and to the insertion of the words "any money," but without success, so that it cannot be explicitly stated what was the intention of the addition. There is little doubt, however, with my Lords that there was no thought of including the pecuniary responsibility of the commanding officer in the event of defalcations by the accountant officer.

My Lords observe with much satisfaction that their Lordships of the Treasury have expressed their appreciation of the manifold responsibilities of the commanding officer of one of Her Majesty's ships, and their sense of the inexpediency of imposing on him, in addition, direct financial responsibility, which (as is justly observed) properly belongs to the accountant officer, and for which *he* is paid and the commanding officer is *not*.

My Lords are glad to infer from the letter that their Lordships of the Treasury agree that according to Article 1376 "the power given by this Article is to be exercised by the Board of Admiralty alone. They can enforce recovery in whole, or in part, or not at all." This point regarding the exercise of discipline is now clearly defined and put on record. Moreover, the letter of the Regulation (Article 1376) supports the view taken by their Lordships. I am therefore to state, for the information of their Lordships of the Treasury, that this view will in future have full consideration with my Lords when dealing with losses of Public Money in Her Majesty's ships. Consequently if, in the judgment of my Lords, there has been default on the part of the commanding officer that has permitted, or conduced to, the loss of Public Money, they will not scruple to exercise the power given them by the Article under discussion.

I am to add that my Lords have caused further instructions to be prepared for the guidance of officers in charge of Public Money and in the examination of cash balances periodically, copies of which are herewith. My Lords trust that there may now be no further objection to the write-off to balances irrecoverable of the loss in the "Nymphe."

The Secretary to the Treasury.

I am, &c.
(signed) *Evan MacGregor.*

PAPER handed in by Mr. *G. L. Ryder*, C.B.

Sir, Treasury Chambers, 15th March 1895.

The Lords Commissioners of Her Majesty's Treasury are glad to learn from your letter of the 12th ultimo, respecting the defalcations of accountant officers afloat, that the Lords Commissioners of the Admiralty are in substantial agreement with this Department as to the responsibility of commanding officers of Her Majesty's ships for such defalcations, and the respective functions of the Admiralty and Treasury in regard to the same.

The responsibility in question is primarily a disciplinary one such as must rest upon the commanding officer for whatever goes wrong on board his ship. But further, as laid down by Article 1376 of the Queen's Regulations, it may become under certain circumstances a pecuniary responsibility: that is to say, if the commanding officer has neglected to properly fulfil his duties of check upon the accounting officer, and has thereby contributed to the defalcation, or other loss of Public Money, he may be called upon to make good the whole, or part, of the loss.

The enforcement by penalty of both the disciplinary and the pecuniary responsibility of the commanding officer rests with the Board of Admiralty.

But the Treasury may call upon that Department to show cause for its decision against recovering from such officer any part of a loss to which his neglect of regulations has contributed, and it will not be open to the Admiralty to reply to such an enquiry that the case has been dealt with disciplinarily and therefore its consideration from the point of view of financial responsibility must be waived.

On the other hand, the Treasury, on being satisfied that the Admiralty have duly weighed the expediency of enforcing the financial responsibility of the officer and on being furnished with reasonably sufficient grounds for the decision arrived at, not to enforce it, will be naturally disposed to accept such decision as that of the Department most interested in the welfare and efficiency of the Naval Service, and most conversant with all the circumstances upon which a fair judgment must be based.

Should the Treasury, however, have some substantial cause for doubting whether the Admiralty have been well advised in their decision, it will be open to them to postpone their consent to the write off of the loss until the matter has been brought before the Public Accounts Committee, and reported upon to Parliament.

Having arrived at this understanding with the Admiralty for the future my Lords have no hesitation in now sanctioning the writing off as an abandoned claim of the loss of £159 18s. 11d. occasioned by the defalcations in 1892, of one Rice Harris, late Paymaster of Her Majesty's Ship "Nymphe." The case will come before the Public Accounts Committee this Session, and they will have an opportunity of expressing their concurrence or otherwise in the course taken by this Board.

With regard to the further instructions which the Board of Admiralty propose for the guidance of Naval officers in charge of public money, my Lords would suggest certain verbal alterations which are shown in red ink on the annexed copy.

In conclusion, my Lords would ask whether the Board of Admiralty have adopted the suggestions made in the second and third paragraphs of the Treasury Letter of 21st December 1891, respecting the verification by commanding officers of paymasters' balances on board Her Majesty's ships.

I am, &c.
(signed) *Francis Mowatt.*

The Secretary to the Admiralty.

APPENDIX, No. 3.

PAPER handed in by Sir *Gerald FitzGerald*, K.C.M.G., 3 April 1895.

EXPENDITURE incurred in connection with raising Her Majesty's Ship "Howe."

	£.	s.	d.
Payments to Neptune Salvage Company for raising ship	35,000	–	–
Payment to Spanish Government for labour and materials, &c., supplied at Ferrol, for repairs to ship after stranding	6,479	–	2
Hire of ss. "Buccaneer," to render assistance at Ferrol	824	17	4
Gratuities for services rendered in connection with the stranding, and presents to Spanish officials	809	16	7
Extra pay to naval ratings (diving, stowing stores, scraping, &c.)	1,062	4	7
Payments to hired interpreters	27	12	9
Advertisements	–	18	5
Travelling and subsistence expenses of Mr. Logan, Examiner of Dockyard Work, at Ferrol	67	2	6
Salary and subsistence, and travelling expenses of Mr. Geaton, who took Mr. Logan's place at Admiralty, while absent at Ferrol	164	3	7
£.	44,435	15	11

In addition to the above expenses, certain charges were incurred for stores and plant obtained from the dockyards and other ships, but these cannot be ascertained without reference to the various dockyards, including Malta and Gibraltar, and an examination of the Store Accounts as regards supplies from ships.

Admiralty, 3 April 1895.

G. FitzGerald,
Accountant General of the Navy.

APPENDIX, No. 4.

PAPER handed in by Sir *Gerald FitzGerald*, K.C.M.G., 3 April 1895.

IMPERIAL DEFENCE ACT, 1888.

STATEMENTS showing the actual Cost of the Maintenance of the Australasian Squadron during 1891–92, 1892–93, and 1893–94.

As requested by the Committee, statements of the cost of maintenance of the ships composing the Australasian Squadron have been prepared for 1891–92, 1892–93, and 1893–94. The total expense for each of these years is as follows:—

	£.
1891–92	124,473
1892–93	119,671
1893–94	126,457

It should be noted that these figures include not only the actual outlay for wages, victualling, repairs to hull and machinery, and stores, but also the estimated liability on account of retired pay or pensions to the Officers and men.

Under the Imperial Defence Act (Article VII. (3) of the Agreement) the annual payment by the Colonies for maintenance is limited to 91,000*l.*

The difference between this sum and the actual cost of maintenance is due in some measure to the fact that the ships are of a larger type than was intended when the Agreement was drawn up in 1888, but it is principally owing to the fact that a fourth cruiser (the "Mildura") is kept in commission as a tender to the "Orlando" for Imperial purposes. The Act (Agreement, Article VI.) provided that three cruisers only should be in commission, and therefore in the accompanying statements the "Mildura" is shown as in reserve. But for the fact that the "Mildura" has been kept in commission in addition to the three cruisers, for the maintenance of which the Colonies are liable, it is considered that the excess cost over and above the 91,000*l.* per annum received from the Colonies is fully explained by the larger type of ship adopted.

The total annual contribution from the Colonies is 126,000*l.*, namely, 91,000*l.* for maintenance and 35,000*l.* interest on prime cost of ships. The first payment was made in 1891–92, and the last payment will be due in respect of the year 1900–1901.

At the end of that period the ships become the property of the Imperial Government.

G. FitzGerald,
Admiralty, 3 April 1895. Accountant General of the Navy.

STATEMENT showing the actual Cost during 1891–92 of the Maintenance of the Ships forming the Australasian Squadron.

	Ships in Commission.			Ships in Reserve.		
	3 Cruisers. H.M.S. "Katoomba," "Tauranga," "Ringarooma."	1 Torpedo Gun Boat. H.M.S. "Boomerang."	Total.	2 Cruisers. H.M.S. "Mildura," "Wallaroo."	1 Torpedo Gun Boat. H.M.S. "Karrakatta."	Total.
	£.	£.	£.	£.	£.	£.
Wages, &c.	31,447	4,577	36,024	15,588	2,967	18,555
Victualling	7,649	798	8,287	3,517	586	4,103
Liability in respect of Retired Pay to Officers (Estimated).	4,827	735	5,562	1,056	325	1,381
Liability in respect of Pensions to Men (Estimated).	9,894	1,540	11,434	1,582	468	2,050
MAINTENANCE OF VESSELS:						
Hull	702	237	939	501	512	1,013
Machinery	406	313	719	88	460	548
Fittings and Equipment	103	4	107	53	5	58
Gun Mountings	96	1	97	23	1	24
Torpedo Carriages	52	18	70	8	—	8
Consumable Stores	2,826	532	3,358	1,169	263	1,432
Permanent Stores	36	54	90	26	4	30
Coal	13,182	1,552	14,734	6,451	1,596	8,047
Machinery	217	45	262	294	93	387
Naval Ordnance Stores	369	178	547	284	—	284
Passages	1,710	1,108	2,818	1,107	208	1,315
TOTALS £.	73,416	11,632	85,048	31,947	7,478	39,425

GRAND TOTAL £. 124,473

STATEMENT showing the actual Cost during 1892–93 of the Maintenance of the Ships forming the Australasian Squadron.

	Ships in Commission.			Ships in Reserve.		
	3 Cruisers. H.M.S. "Katoomba," "Tauranga," "Ringarooma."	1 Torpedo Gun Boat. H.M.S. "Boomerang."	TOTAL.	2 Cruisers. H.M.S. "Mildura," "Wallaroo."	1 Torpedo Gunboat. H.M.S. "Karrakatta."	TOTAL.
	£.	£.	£.	£.	£.	£.
Wages, &c.	36,752	5,288	42,040	13,063	—	13,063
Victualling	7,569	988	8,557	2,791	—	2,791
Liability in respect of Retired Pay to Officers (Estimated).	4,827	735	5,562	1,056	325	1,381
Liability in respect of Pensions to Men (Estimated).	9,894	1,540	11,434	1,582	468	2,050
MAINTENANCE OF VESSELS:						
Hull	291	81	372	103	74	177
Machinery	233	76	309	162	206	368
Fittings and Equipment	39	59	98	56	64	120
Gun Mountings	5	—	5	5	—	5
Torpedo Carriages	—	—	—	—	2	2
Consumable Stores (including Freight)	3,959	356	4,315	1,130	182	1,312
Permanent Stores	177	—	177	1	8	9
Coals	7,591	251	7,842	121	—	121
Medicines	434	75	509	148	6	154
Naval Ordnance Stores (including Freight)	3,936	411	4,347	176	—	176
Passages, Pilotage, Telegrams, &c.	884	109	993	1,316	18	1,334
Repairs of Ships and Inspection Charges	5,172	901	6,073	2,398	1,394	3,792
Miscellaneous Charges	90	9	99	84	—	84
TOTALS £.	81,853	10,879	92,732	24,192	2,747	26,939

GRAND TOTAL £. 119,671.

STATEMENT showing the actual Cost during 1893–94 of the Maintenance of the Ships forming the Australasian Squadron.

	Ships in Commission.			Ships in Reserve.		
	3 Cruisers. H.M.S. "Katoomba," "Tauranga," "Ringarooma."	1 Torpedo Gun Boat. H.M.S. "Boomerang."	TOTAL.	2 Cruisers. H.M.S. "Mildura," "Wallaroo."	1 Torpepo Gun Boat. H.M.S. "Karrakatta."	TOTAL.
	£.	£.	£.	£.	£.	£.
Wages, &c.	36,986	5,509	42,495	13,470	1	13,471
Victualling	10,308	1,340	11,648	3,879	5	3,884
Liability in respect of Retired Pay to Officers, &c. (Estimated).	4,827	735	5,562	1,056	325	1,381
Liability in respect of Pensions to Men (Estimated).	9,894	1,540	11,434	1,582	468	2,050
MAINTENANCE OF VESSELS:						
Hull	1,209	1,204	2,413	743	354	1,097
Machinery	1,135	585	1,720	366	402	768
Fittings and Equipment	115	2	117	340	—	340
Gun Mountings	6	1	7	4	1	5
Torpedo Carriages	—	—	—	—	—	—
Consumable Stores (including Freight)	3,332	524	3,856	1,306	77	1,383
Permanent Stores	105	1	106	47	—	47
Coals	6,293	1,399	7,692	505	127	632
Medicines	289	58	347	154	—	154
Naval Ordnance Stores (including Freight)	6,113	393	6,506	119	—	119
Passages, Pilotage, Telegrams, &c.	1,511	190	1,701	871	586	1,457
Repairs of Ships and Inspection Charges	1,640	1,430	3,070	560	393	953
Miscellaneous Charges	31	11	42	—	—	—
TOTALS £.	83,794	14,922	98,716	25,002	2,739	27,741

GRAND TOTAL £. 126,457.

APPENDIX, No. 5.

PAPER handed in by Mr. *Gordon W. Miller*, 1 May 1895.

MEMORANDUM shewing a Connexion between the STATEMENT given at Page 60

NAVY APPROPRIATION ACCOUNT FOR

Memorandum shewing a connexion between the statement given at page 60

Note.—The pages refer

	£.		£.
The additions to the value of stock ("due to quantity") during the year 1893-94, were as follows:			
Cash payments for Naval Stores purchased during the year (p. 30).	- - -	1,941,780	
Cash payments for labour on manufactures (p. 30) - -	- - -	77,235	2,019,015
Adjustments on account of the value of stores:			
To add,—			
Paid for in previous years, p. 12 (Stock Adjustment Account).	8,056		
Received at the yards in 1893-94, but not paid for until 1894-95, p. 12.	26,793		
Transferred from other departments, &c., without charge, p. 12.	703		
Found surplus on stocktaking, p. 14 - - - - - -	5,425 (*a*)		
		40,977	
To deduct,—			
Received at the yards in previous years, but not paid for until 1893-94, p. 13.	45,616		
Paid for in 1893-94, but not debited to stock in that year (*b*)	11,273		
Transferred to other departments, &c., without charge, p. 13	1,581		
Lost by sea and land transit 1,592*l.*, less recoveries 104*l.*, pp. 15 and 14.	1,488		
Found deficient on survey - - - - - - -	3,639 (*a*)		
		63,597	
		Net deduction - - -	22,620
TOTAL ADDITIONS to the value of STOCK during 1893-94 - - - £.			1,996,395

(*a*) Net surplus 1,786*l.*
(*b*) Instalments to Contractors.

APPENDIX, No. 5.

PAPER handed in by Mr. *Gordon W. Miller*, 1 May 1895.

OF THE NAVY APPROPRIATION AND THE NAVY EXPENSE ACCOUNTS.

THE YEAR 1893-94.—VOTE 8, SECTION 2.

of the Navy Appropriation Account and the Navy Expense Accounts.

to the Expense Accounts.

	£.	£.
The reductions in the value of stock ("due to quantity") were — per contra :		
Withdrawals from stock, p. 31, for—		
New Construction 305,654*l.*, plus 320,836*l.*		626,490
Reconstruction		25,786
Repairs and refits		58,078
Repairs to ships in commission, &c.		133,327
Sea Stores, &c.		486,509
Coals for steaming		418,777
Yard services		106,374
Repayment services		122,441
Materials sold		51,732
Depreciation in stock 54,272*l.* (p. 15) less 26,372*l.* (p. 14)		27,900
	(p. 31).	2,057,414
Add,—		
Difference in value of Manufacturing Shop Plant :		
On 31 March 1893, p. 12	31,254	
On 31 March 1894, p. 13	36,672	
	5,418	
Deduct,—		
Surplus on stocktaking during the year, p. 14	1,734	
Net addition		3,684 (*c*)
TOTAL £.		2,061,098

(*c*) *See* footnote (*a*) on page 31.

SUMMARY, 1893-94.	£.
Additions to value of stock (as at page 1 hereof)	1,996,395
Reductions in value of stock (as above)	2,061,098
NET REDUCTION as shown in the APPROPRIATION ACCOUNT, page 60*b*	£. 64,703 (*a*)

Note.—(*a*) The difference between the value of stock on 31 March 1893 and 31 March 1894 shewn by the Expense Accounts Stock Statement (pp. 12 and 13) is 2,567,853*l.* less 2,452,492*l.*=115,361*l.*, but from this should be abated the sum of 7,638*l.* on account of the decrease on revaluation of stock at rates brought into force on 1 April 1893 (*see* page 33 of the Appropriation Account and page 15 of the Expense Accounts), leaving the net difference of 107,723*l.* quoted by the Comptroller and Auditor General in para. 1 of his report on the Store Accounts.

This net difference of 107,723*l.* is made up as stated at page 60*b* of the Appropriation Account, viz. 64,703*l.* (as above explained) "due to quantity" and 43,020*l.* due to alterations in prices during the year (*i.e.* from the beginning to the end thereof) and "loss on manufactures."

APPENDIX, No. 6.

PAPER handed in by Mr. *Gordon W. Miller*, 1 May 1895.

PERIODICAL TRANSFERS OF POLICE BETWEEN DOCKYARDS.

COPY of CORRESPONDENCE between the ADMIRALTY and the POLICE OFFICE relative thereto.

The Secretary of the Admiralty to the Chief Commissioner of Police.

(N.S. 1699—3522.)

Sir, Admiralty, S.W., 19 April 1895.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that, with reference to the attached memoranda, the Public Accounts Committee have expressed a desire to be informed what changes of system have recently been made with regard to the transfer of police employed in the dockyards.

2. My Lords understand that the present arrangement is that no system of interchange between the forces at the several dockyards is in operation, except that when it is ascertained that a member thereof has relatives employed in the yard at which he is stationed he is forthwith transferred to another yard.

3. They further understand that a general system of interchange as between one yard and another, or between the yards and the division in London, would be attended with so much expense, especially in the case of married men, as to render its general adoption inexpedient.

4. My Lords desire me to inquire whether their view of the circumstances is correct, and to request the favour of a reply by the 27th instant, as the Committee will meet again on the 1st of May.

I am, &c.
(signed) *Evan MacGregor.*

Enclosure to Admiralty Letter of 19th April 1895, N.S. 1699—3522.

MEMORANDA in regard to the desirability of change in POLICE Arrangements at the Dockyards, consequent on discovery of a Robbery of Metal Articles at PORTSMOUTH.

1.—EXTRACT from Comptroller and Auditor General's Report on Store Accounts of the Navy, dated 31st January 1894.

Robbery of Metal Articles at Portsmouth discovered in 1892.

Robbery of metal articles at Portsmouth, and two sets of store records with a view to concealment.

Upon an investigation of differences between the quantity and value ledgers under Sub Head B., Metals, at Portsmouth Yard in August 1892, the Admiralty officials traced entries in the quantity ledgers for which no vouchers were forthcoming, and a special survey of stock was consequently ordered.

This survey disclosed the fact that numerous packages in the storehouse had been tampered with, and considerable thefts effected; the presumption being that the malpractices had extended over a lengthened period, inasmuch as the weight of the articles abstracted was over 6 cwt.

An official inquiry was held at the dockyard to investigate the matter, but it did not succeed in bringing to light the manner in which the thefts were carried out, or the person or persons who perpetrated them. It did, however, show that the storehouseman's ledger and the record kept centrally at the storekeeper's office, which affords a means of check upon the storehouseman's entries, could be and were falsified; and also that the police surveillance at the yard failed to detect the articles when abstracted and removed.

The value of the articles discovered to have been stolen in this case is 69*l.* 9*s.*, and this amount has been written off under balances irrecoverable under proper authority; but, as the disclosures tend to raise a doubt whether the existing checks upon safe custody of stores are sufficiently strong, I have inquired of the Admiralty whether any further steps have been taken with the view of ascertaining how the falsification of the two sets of records was effected, which seems a most important point, and whether it is possible to devise a more efficacious measure of check upon the improper removal of stores from dockyards by alteration of police arrangements.

2.—EXTRACT from Second Report of Public Accounts Committee (1894) on above paragraph.

Robbery of Metal Articles at Portsmouth.

In paragraph 5 the Comptroller and Auditor General draws attention to a robbery of metal articles at Portsmouth, involving the falsification of two sets of records. Your Committee learn that for preventing in future both the ledgers are locked up at night. In respect to the improper removal of stores from the yards, it appears that in one yard additional police are to be taken on, with "a special search of the men employed." But the Department are not sure that this arrangement will be carried out in all the yards. Considering all the circumstances of these yards, your Committee trust that the police establishment is maintained as a position of independence conducive to the faithful discharge of this duty. They think that the special attention of the Admiralty should be drawn to the position of the establishment and to the terms or conditions of its service in or about the yards. They apprehend that, had the arrangements been quite effective, the petty thefts disclosed in these accounts would not have occurred.

G. 3704-9.

3.—Extract from Treasury Minute of 18th October 1894, on Second Report of Public Accounts Committee (1894).

Robbery of Metal Articles at Portsmouth.

The Committee desire that the special attention of the Admiralty should be called to the necessity of maintaining the independence and efficiency of the police staff at the yards. My Lords are sure that the importance of this consideration is realised by the Board. Possibly the end in view might be contributed to by a periodical transfer of police from yard to yard.

4.—Extract from Comptroller and Auditor General's Report on Store Accounts of the Navy, dated 31st January 1895.

Robbery of Metal Articles at Portsmouth in 1892, *and subsequent adoption of further Precautions.*

In the latter part of paragraph 5 of my Report last year I stated that I was in communication with the Admiralty on the subject of the falsification of certain store ledgers, and the adequacy of the police arrangements at Portsmouth Dockyard, in connection with a robbery of metal articles then recently discovered.

I have now received an official explanation, which will be found in the Appendix, and from this it will be noticed that steps have been taken to render the books more secure against irregular alterations; but no change was then proposed to be carried out as regards police surveillance.

The Public Accounts Committee, in paragraph 91 of their Second Report, 1894, expressed a strong opinion as to the necessity for maintaining the police establishment at yards in a position of independence, and thought that special attention should be given to the conditions of its service in or about the yards.

The Treasury, in paragraph 91 of their Minute of 18th October last, called attention to this expression of opinion, and suggested that "the end in view might be contributed to by a periodical transfer of police from yard to yard."

It is possible, therefore, that the decision arrived at by the Admiralty in July last may be modified.

Question as to the desirability of periodical transfers of police between dockyards.

(A., 4. 1), p. 167.

5.—Admiralty Letter of 21st July 1894, N.S. 1032—6472, referred to above at "A."

(N.S. 1032—6472.)

Sir, Admiralty, S.W., 21 July 1894.

My Lords have had under consideration your letter of the 7th October last (No. 1009), calling attention to the robbery some time since of certain metal articles from a storehouse at Portsmouth Yard, and requesting to be informed what steps had been taken with a view to prevent falsification of the yard books, and whether it is possible to devise more stringent police check, and I am to acquaint you as follows:—

1. With reference to the yard books, that, after consultation with the superintendents of the several yards, arrangements have been made which it is believed will be sufficient to secure that henceforth no storehouseman shall have access to the records of expenditure kept in the Central Office.

2. With regard to police surveillance, that the storehousemen are already subjected, with other workmen, to the ordinary police search, and it is not considered expedient or practicable to subject them to a special police search, and thus make a distinction between different classes of workmen.

I am, &c.
(signed) *Evan MacGregor.*

The Comptroller and Auditor General,
Somerset House, W.C.

The Chief Commissioner of Police to the Secretary of the Admiralty.

(No. 186,553.)

Sir, New Scotland Yard, S.W., 24 April 1895.

With reference to your letter of the 19th instant (N.S. 1699—3522), asking what changes have been recently introduced in the system of transferring police officers employed at dockyards, I have the honour to acquaint you, for the information of the Lords Commissioners of the Admiralty, that no change of system has been made; but it was lately found necessary to transfer a certain number of men who had infringed the regulations of the service with respect to the employment of relatives in the dockyards or establishments in which they were serving.

With regard to a system of interchange between the officers employed at the various dockyards, the assumption made by their Lordships is correct. The practice followed in the dockyard divisions in this respect is the same as in other divisions of the Metropolitan Police Force; men being removed only for misbehaviour, inefficiency, or on promotion, the only exception being that no officer is permitted to serve in a yard or establishment in which any of his relatives are employed, except with the express sanction of the Commissioner.

A constant and periodical interchange of officers between the dockyards is not, in my opinion, a measure calculated to produce any useful result. It would involve a considerable increase of expenditure with a loss of efficiency; and, moreover, such a step presents undesirable features from an administrative point of view. To remove men from the dockyard divisions, in the absence of any of the reasons already referred to, would be to treat these divisions invidiously as compared with the others, and might probably engender dissatisfaction. There is a constant flow of men into them, who are selected with great care, not only from new recruits on joining, but from amongst the ranks of the force generally, and on all cases of promotion.

I am, &c.
(signed) *E. R. C. Bradford.*

FOURTH

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

MINUTES OF EVIDENCE.

Ordered, by The House of Commons, *to be Printed,*
27 *June* 1895.

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340.

Committee of Public Accounts.

Ordered, [*Wednesday, 4th March* 1895]:—That the Committee of Public Accounts do consist of Fifteen Members.

Committee nominated of—

Mr. Bartley.	Mr. Alpheus Morton.
Mr. Buchanan.	Mr. Mowbray.
Mr. Cameron Corbett.	Mr. Arthur O'Connor.
Sir John Gorst.	Mr. Philip Stanhope.
Mr. Hanbury.	Sir Richard Temple.
Sir Arthur Hayter.	Mr. Webb.
Sir John Hibbert.	Mr. Arthur Williams.
Mr. Jackson.	

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

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FOURTH REPORT.

THE COMMITTEE OF PUBLIC ACCOUNTS have made further progress in the matter to them referred, and have agreed to the following FOURTH REPORT:—

ARMY CLOTHING FACTORY ACCOUNTS.

1. After consulting the Comptroller and Auditor General, your Committee find that there is nothing in these Accounts to require remark.

CHELSEA HOSPITAL.

2. Your Committee learn, that whenever any occasion arises, which is very rare, for expending any of the capital fund, the Hospital Commissioners have consulted the War Department, and that in future the Treasury is to be consulted also. The capital fund amounts to about 101,000*l.*, called "Securities (Stock)." Besides this, there is land yielding 1,200*l.* of annual income. If there be any unexpended balance of income it is invested and becomes part of the capital, and such investments have often taken place. As regards the income derived from capital and land, the Treasury do not claim any control over current expenditure, except in certain cases, such as the raising of the salary of an officer, and the granting of additional allowance to the Pensioners. Q. 1490. Q. 1494. Q. 1502. Q. 1504. Q. 1509.

ARMY (ORDNANCE FACTORIES) MANUFACTURING ACCOUNTS, 1893–94.

3. The attention of your Committee was last year drawn (*see* paragraphs 31–35 of their Second Report, dated 11 July 1894) to certain piece-work ledgers in these factories, with reference to the Accounts generally, and to the purposes of audit particularly. Your Committee then understood that a certain course would be adopted regarding these ledgers, with a view to a final determination regarding them being arrived at. That course has not been pursued, and some failure has occurred. The Comptroller and Auditor General has drawn the attention of Parliament to the failure (*see* paragraph 2, and subsequent paragraphs of his Report), and your Committee, having duly considered the subject, deem it necessary to summarise the following circumstances. Q. 1514.

4. The objects aimed at in the discussion are in this wise: first, to secure that operations in the workshops are not paid for twice over; secondly, that all work which is paid for, and which should be sent into store, is actually received there. These were adverted to in the Evidence before your Committee last year, in their Report to Parliament, and in the subsequent Minutes of the Treasury, confirming and intending to give effect to the views of your Committee and of the Comptroller and Auditor General. The outcome of the proceedings of last year was this, that the above objects, being essential to audit, must be somehow attained, if not by the ledgers in their existing form, then by some revision of their form, or by some extension of them, so that by audit the objects above set forth might be secured. This revision or extension was to be discussed and, if possible, settled at a conference between the departmental officers. The Treasury was to favourably consider any moderate proposals for expenditure in connexion therewith. Your Committee believed that all this was fully understood by the high officials concerned, and still believe that if not actually understood it ought to have been so. The Comptroller and Auditor General, however, has now to report that not only has he been unable to make any satisfactory arrangement with the War Office, but that the audit of the accounts for 1893–94 has not been brought to even as satisfactory a conclusion as those of previous years. In other words, instead of progress being made during the years under report there has been retrogression. Q. 1518. Q. 1522. Q. 1523. Q. 1531.

5. The causes of this undoubted failure are set forth both in the correspondence between the Treasury and the War Office, and in the Minutes of Evidence taken before
Q. 1526. your Committee. The date of the above-named circumstances was in July 1894. On the 30th November of that year the Comptroller and Auditor General was surprised to learn that for some time past these ledgers had been withdrawn from the accounts for purposes of audit, and had been practically abandoned. Consequently, no proceedings and no conference regarding them had taken place since July 1894. But, further, it
Q. 1537. appeared that the discontinuance of them for purposes of audit and account had taken place at the end of 1893-94, that is, before April 1894, and before May of that year, when your Committee began to take evidence on the subject. Yet no information of this fact was communicated to your Committee, either by the Director General of the Factories or by the representative of the War Office. Your Committee understood at the time that they were considering ledgers which, though imperfect, were still forming part of the accounts, and not ledgers, which for this purpose had been discontinued. The discontinuance, as an accomplished fact, was inconsistent with the tenor of the evidence then given, and a knowledge of it would have affected or modified your Committee's recommendations. This discontinuance had been effected under a general authority, from the Secretary of State for War to the Departmental Committee
Q. 1537. on Factory Accounts, to test the practical working of their conclusions before submitting them for formal sanction. But on this the Treasury justly express surprise that so highly important a step was not communicated to the Public Accounts Committee when they took evidence on the subject on the 23rd May 1894. Further, the Treasury very properly pronounce that the permission to test a recommendation before submitting
Q. 1539. it cannot be held to cover the irrevocable abandonment for 1893-94 and 1894-95 of very voluminous and intricate records, of which the Comptroller and Auditor General and the Public Accounts Committee seemed to favour the extension rather than the discontinuance; and that the conference had been urged by the above authorities for future decision, little knowing that a decision had already been actually arrived at and acted upon.

Q. 1541. 6. Next, your Committee observe that in January of this year (1895) the War Office inform the Comptroller and Auditor General that if the reasons given for not keeping these records as parts of the account are regarded as insufficient, the Director General of Ordnance Factories will be prepared to arrange a conference on the subject,
Q. 1547. as suggested by the Committee of Public Accounts. But this was too late for the purposes of the Comptroller and Auditor General's Report, which was shortly to be presented to Parliament. It was, in your Committee's opinion, of no immediate use to propose this then; it was too late, inasmuch as the records had been abandoned for purposes of account since April 1894.

Q. 1542. 7. Again, the War Office write that if desired the ledgers can be restored to their previous form. Certainly they can; but your Committee must observe that even then the two years would have to be left out—the current year and the last—during both of which the discontinuance has taken effect.

Q. 1526. 8. As there has been some breach of official rules in this matter, your Committee
Q. 1527. have sought for explanation of those concerned. The Director General of Ordnance
Q. 1528. Factories states that the ledgers have not been abandoned for administrative purposes;
Q. 1529. for which, indeed, they are more or less maintained, and this seems to be all the defence
Q. 1530. that he is able to make. But this, of course, is no defence at all, as it is the abandonment for audit and account to which exception is taken. In short, he says, "I must apologise,
Q. 1551. both to the Committee and the Comptroller and Auditor General, if I have mistaken my functions, and taken matters in hand which I ought not to have done without higher sanction." And in reference to that he pleads that there have been numberless changes in detail, which his Departmental Committee have made straight off under the general authority given them by the War Office. Your Committee must observe hereon that this matter, now under consideration, was not of the same character as those details with which the Director General had dealt directly, and, no doubt, rightly. It was a matter pertaining to audit and account, which had been reported to Parliament by the Comptroller and Auditor General, and which had been noticed markedly by the Public Accounts Committee. Therefore, it was not competent for the Director General to deal with that in a summary and conclusive manner. As he himself says, he certainly mistook his functions in this respect. Furthermore, a conference had been distinctly suggested by
Q. 1532 to 1534. the Public Accounts Committee, and that suggestion had been supported by the Treasury. Yet the Director General has to admit that he paid no attention to this suggestion. To the natural query as to why he failed to inform the Public Accounts Committee in May 1894,

1894, that the books had been already abandoned as forming part of the accounts, he has nothing to say that is really pertinent; as already shown, the answer he gives, that these books were retained but for administrative purposes only, is no answer at all. He could hardly have mistaken the drift of the examination in 1894; and it follows that in giving evidence he mistook his own position in reference to the matter. Q. 1543.

9. The representative of the War Office having been present during the examination of 1894, has been further examined by your Committee on the point. He gives a full explanation, the substance of which amounts to this, that he was not at that time aware that the books had been withdrawn from the accounts, and that he spoke of them, under misapprehension, as still existing for that purpose, when, in reality, they had ceased to exist. He ought, of course, to have fully informed himself on the subject before giving explanations to your Committee. It is impossible for your Committee to form correct conclusions if they cannot get exact evidence from a high official representing a great public department. Q. 1662

10. Furthermore, your Committee, while acknowledging the full support received from the Treasury, through the correspondence, cannot think that their proceedings and suggestions received from the War Office the attention which might have been hoped for. No doubt, when the default in this matter had been formally reported by the Comptroller and Auditor General, the War Office did propose a conference in the beginning of 1895; but, as already explained, that date was too late for the current year; and the conference ought to have been arranged in the autumn of 1894, in accordance with the suggestion of your Committee, confirmed by the Treasury.

11. The consequence has been that for the immediate past and present the audit of these accounts must remain imperfect. For the future your Committee recommend that the War Office arrange with the Departmental Committee for holding the conference at previously suggested. Your Committee do not understand that the Comptroller and Auditor General is at all committed to these particular ledgers. Perhaps it may not be necessary to keep them up. Q. 1674. But in that case some other form of statement must be devised in order to produce the desired result, as already set forth by your Committee, namely, that the Comptroller and Auditor General may be able to certify to Parliament that the work has not been paid for twice over, and that the work paid for is actually received into store.

12. In his paragraph 9 the Comptroller and Auditor General draws attention to certain "fellowship" shops in the Royal Laboratory, and proceeds to inquire whether a more exact system of accounting cannot be introduced in reference to the system technically known as that of the "complete prices." Your Committee learn from the Director General that now these "complete prices" include nothing but the allowance for wastage and defective work, and that they being regarded as indispensable will have to be maintained. Q. 1727.

13. Your Committee learn that a reply to the Comptroller and Auditor General's queries has been received from the War Office to the effect in these particular shops the piecework price covers the ordinary run of accidents for the shop just as any individual piecework price covers the same risk by the individual workman. Q. 1730. The Comptroller and Auditor General informs your Committee that he has not been able to fully study this reply, as it includes several details; so the point can hardly be pressed further at present. Q. 1734.

14. In the same paragraph 9 the Comptroller and Auditor General observes that the number of articles shown by the manager as defective were often in excess of those so recorded by the worktaker, and that hence the worktaker's record must be regarded as a valuable check. Q. 1737. He addressed an inquiry to the War Office on the subject, to which a reply has recently been received. Q. 1739. It thence appears that the check is now applied, and the Comptroller and Auditor General agrees that so far the reply is satisfactory. But he thinks that further questions may arise in reference to this, regarding which he must defer the expression of his opinion, the whole subject being highly technical.

15. In general terms your Committee learn that in the several matters above mentioned the War Office are sanguine that the scheme of accounts recently adopted by the Director General will prove to be a great improvement upon the previously existing arrangements. Q. 1740. Q. 1745. The simplification of methods is said to be working quite satisfactorily. The piecework pay, whether allowed either to an individual or to a group of men working in fellowship, always includes a margin for defective work. The credit is given for effective work only. A separate stock is taken of the defective work. This is agreed upon between the foreman of a shop and his check, the worktaker. It is admitted that in nearly all cases there will be some defects which cannot be traced to any particular cause or person. Q. 1736.

Q. 1730. 16. Your Committee understand that the margin for defective work used to be objectionable where it co-existed with a system of payment of shop operation prices to individual men; but that is now stopped.

17. In his paragraph 11 the Comptroller and Auditor General notices that no reply had been received from the War Office as to the addition of "indirect expenditure" to the value of articles on which little or no labour had been expended in the factory, as it is the labour which forms the basis of the "indirect" charges. Your Committee learn that a reply has since been received to the effect that this addition was an error. And with that the Comptroller and Auditor General is satisfied.

GUN FACTORY.

Q. 1752. 18. In his paragraph 13 the Comptroller and Auditor General remarks that it is a principle that the price charged for an article should be based on the amount of cost of production as shown by the factory ledgers; this principle, he thinks, has been infringed by an adjustment which has taken place of prices that suit what is supposed to be a proper, but which may not have been the real, cost as based on the production records. The Director General admits to your Committee the infraction, but explains that it only occurred once in a way when the new base line of the accounts was being established. It arose from the fact that a really accurate stocktaking was being effected for the first time. The need of such adjustment will not recur. The Comptroller and Auditor General is satisfied with this explanation, provided that the adjustment is not to recur
Q. 1755. when once the base line has been established as a foundation for the future account.

Q. 1757. 19. The War Office explained to your Committee that of late there has been, for the first time, a satisfactory and accurate stocktaking at Woolwich. For the maintenance of accuracy in future the starting point of the account must be on a base line. In settling this line discrepancies (as might have been feared) were discovered, which had to be reconciled in some way so as to avoid the absolute vitiation of the prices of the articles;
Q. 1758. hence the necessity for adjustment. The Treasury support the principle laid down by the
Q. 1759. Comptroller and Auditor General, but agree that this special adjustment was needed to form a basis for the new account, considering that having once been done it is not to recur. Whether the process should be described as an adjustment or an assumption
Q. 1760. seems to be doubtful; at all events, it has not been frequent. Perhaps it has been
Q. 1761. applied to not more than 20 cases; if so, it is, in truth, rare and exceptional.

20. Your Committee learn, however, that by this process the money total had to be
Q. 1785. corrected, and the Comptroller and Auditor General does not think this is satisfactory; the total sum of money has to be accounted for, and this is done by stating that certain articles
Q. 1787. cost that which they did not cost. It is admitted that the figures representing both stock and money were not quite correct and trustworthy, and this was the consequence of
Q. 1790. defective stocktaking. Now, however, there will be a complete stocktaking, with a well-
Q. 1793. ascertained remain; and that remain had to be priced, as above explained. The necessity
Q. 1804. for any such process now shows that there must have been laxity in the stocktaking in the past, and the old system was not of much value as a stocktaking. But, as remedial measures have been adopted, your Committee must await further reports from the Comptroller and Auditor General.

Q. 1812. 21. Meanwhile your Committee have impressed on all concerned the importance of proceeding with the new stocktaking with such careful accuracy that no questions such as those discussed shall in future arise.

ENFIELD SMALL ARMS FACTORY.

Q. 1823. 22. In the transfer of a sum of 5,888*l.* from buildings to land in the capital account an adjustment of 1,500*l.* on account of depreciation had to be made in accordance with the principle laid down by the Treasury (*see* the Comptroller and Auditor General's paragraph). Your Committee now learn that this has been satisfactorily done.

23. In respect to the buildings where the imperial reserves of gunstocks and saltpetre are kept, the production of the years 1891-92 to 1893-94 have been undercharged by the
Q. 1824. amount of depreciation. The War Office explain that until quite recently these reserves were held as a general store and not as a portion of the materials of the factories, and therefore no depreciation could be written off. But when it was decided that they should become a portion of the factory reserves, then a change was necessary. A reply has been subsequently received admitting the propriety of transferring the expenditure from
Q. 1830. machinery to buildings, and with that the Comptroller and Auditor General is satisfied.

STOCKTAKING.

24. Your Committee have considered further a matter which was in several ways considered during their proceedings of last year, namely, the independent departmental stocktaking. It appears that this is done now to some extent better than before. While acknowledging this, the Comptroller and Auditor General considers that a further extension of this procedure is desirable. The War Office did not seem at first sight to readily assent to this; but they are now endeavouring to meet the views of the Comptroller and Auditor General in some degree, and at a moderate cost of about 500*l.* a year. Without undertaking to suggest any exact directions, your Committee have impressed on the War Office the importance of such an increase to this stocktaking as may prove satisfactory to Parliament. Q. 1832 to 1844.

COMPARISON OF PRICES.

25. In reference to the question as to whether the comparison between contractors' prices and factory prices can be made by the Comptroller and Auditor General, it appears that the Treasury have been assured by the War Department that the publication of the contractors' prices would be prejudicial to the general interest. Therefore your Committee would refrain from pressing the point. Q. 1849.

ARMY (ORDNANCE FACTORIES) APPROPRIATION ACCOUNT, 1893–94.

26. The Comptroller and Auditor General has called attention, in paragraph 2 of his Report on this account, to a sum of 37,178*l.* 5*s.* 6*d.*, which appears to him to be intended to form the nucleus of a capital account or reserve fund in connection with the Ordnance Factories Vote. Q. 1852.

27. Your Committee learn that it arises from the surpluses on this Vote, which, as explained further on, are not, as at present arranged, surrendered to the Exchequer. This sum, which exists in cash, forms part of the general balance of the War Department in the hands of the Paymaster General. Q. 1867. Q. 1872.

28. Your Committee understand that this reserve fund could in no case be used by the War Office on its own authority alone; but that, though the action would be irregular, it might be used without the sanction of Parliament, if its expenditure did not cause an excess on the Vote. Q. 1856.

29. The subject is one of some importance, inasmuch as the amount of the balance at the end of 1895–96 may be not less than 98,000*l.* Q. 1882.

30. On this the Comptroller and Auditor General reminds your Committee that he recommended the Committee of Public Accounts to give their sanction to a departure, in the case of this Vote, from the usual principle of surrendering surpluses and voting deficiencies, in which your Committee acquiesced. But he considers that this should not be carried so far in practice as to lead to the formation of a capital account, whereby money might be spent without the direct knowledge of Parliament, except under regulations to be laid before Parliament after careful consideration by the Treasury. He thinks that the regularity of the system must be guarded as against the formation of a capital account, as already mentioned, and that the accumulation of these funds must be carefully watched. The preparation of the necessary rules is now the subject of a pending correspondence between the Comptroller and Auditor General and the Treasury in communication with the War Office. When prepared they could be presented to your Committee, or laid on the Table of the House. At present the Treasury would have to decide what should be done with the balance, whether it should be spent on departmental objects with Treasury sanction, or invested, or surrendered to the Exchequer. Q. 1871. Q. 1878. Q. 1878–9.

31. The representative of the War Office, on the other hand, suggests that there is no reason why this Vote should not be treated like every other Vote, and all the surpluses be surrendered to the Exchequer, and all the deficiencies be voted by Parliament. In his opinion, the notion of capital being worked into the accounts of the year is surplusage and an unnecessary complication. The surrender of a surplus arising from the non-delivery of stores may, in his opinion, render it necessary that a Vote be asked for in the coming year to make up the deficiency, with the explanation that the money had been virtually spent in the previous year. In private firms there may indeed be a capital account; but in the case of these factories the capital account is really represented by the Q. 1901. Q. 1902. Q. 1904.

Q. 1906. the amount which has been laid in for stores and machinery. But these affairs do not rest on a commercial basis; it would be more straightforward to treat them as Parliamentary matters.

Vide Public Accounts Committee, Fifth Report, 1890, paragraph 6, and Third Report, 1891, paragraph 22.

32. Your Committee have consequently considered the question further in reference to the proceedings of their predecessors. A provisional settlement of it was arrived at in 1890-91, the Ordnance Factories having in 1888-89 been placed under a single chief, who was to deal with the Army and Navy and all other customers on a single price list. Army Votes were to provide for land armaments only, and Navy Votes for sea armaments. Existing stocks of armaments were to be divided between the War Department and the Admiralty. The working capital of the factories was to be provided, first, by the buildings and stocks already in hand; and, secondly, by advances of money from the War Department, the Admiralty, and others, as against orders for work. In order to preserve the yearly control of Parliament an estimate was to be presented annually showing the expected gross expenditure of the factories on productions and the expected receipts from customers and other sources, a token vote being taken upon this estimate, in order to bring the matter within the cognisance of Parliament, the moneys for the factories being supplied from the Army and Navy Votes as feeders. Manifestly, Parliament could not be asked to vote the whole gross expenditure of the factories, as the cost of the land and sea armaments is already voted in the Estimates. It is this arrangement which has been sometimes described by such phrases as "placing "the factories on a commercial basis," or "making them self-supporting." It has led to a peculiar method of dealing with surpluses and deficits.

33. A consideration of the Factory Accounts shows that a surplus will mainly be due to receipts of stores supplied on payment in the year having exceeded the cost of stores manufactured in the same year. So far as it may not be due to receipts for "depreciation" it will, however, be temporary only, and will be immediately required to meet outstanding liabilities. So it could not be surrendered to the Exchequer without causing needless complications. On the other hand, a deficit may probably arise from expenditure on raw material or on plant, which cannot be wholly brought into charge against customers within the year. It may be made good before the next year is out. If Parliament were required to vote it, the grant would not be wanted and would have to be paid back into the Exchequer as a surplus on a succeeding account.

34. This consideration led to a departure from the ordinary course, and to the institution of the "Ordnance Factories Suspense Account," which is credited with all surpluses and debited with all deficits on this Appropriation Account, the one being set off against the other in the normal progress of business. Your Committee observe that this Suspense Account shows a net credit balance on 31st March 1894 of 53,710*l.* 7*s.* 6*d.* On examination of the various items, your Committee find that this credit balance, indeed, being the result of several years of business, tends to be not merely temporary, but is of the nature of a fund accumulating for the possible replacement of worn-out buildings and machinery and for the capital outlay; and no part of this fund can properly be spent without the sanction of Parliament.

35. It thus becomes a distinct question whether such a balance should be allowed to remain in the hands of the War Department. It might be invested, or paid into the Exchequer, without altering the present practice regarding the current surpluses and deficits; but, whatever course may be adopted, your Committee consider that the accumulation of such capital fund, so far as that may be allowed, and the due custody or disposal of it, should be under regulations to be framed with the sanction of the Treasury and to be laid before Parliament.

36. Your Committee will not further pursue now this technical subject, but will content themselves with recording their reasons why the Treasury should be invited to give additional consideration to the whole matter. And your Committee, as at present advised, think that the settlement of 1890-91 should not be disturbed during the continuance of the correspondence referred to in paragraph 30.

Q. 1924. 37. Your Committee observe that certain officers technically skilled have been paid extra remuneration for helping the examiners under the Military Education Department. This work was over and above their duties at the factories, and they had to take the papers home with them after office hours.

MILITARY FORCES LOCALIZATION ACCOUNT, 1893-94.

38. Your Committee observe, in respect to the proximate close of the Account, which has been going on since 1872, that the anticipation of the expenditure being completed by the end of 1894-95 will not quite be fulfilled, but that a small expenditure will fall into 1895-96. To this the sanction of the Treasury has been obtained. Your Committee are assured that this latter will really be the last Account to be rendered, and that there is no chance of the unexpended balance of 20,000*l.* being exceeded by the remaining requirements. Q. 1958. Q. 1937.

IMPERIAL DEFENCE ACT (MILITARY SECTION), PORTS AND COALING STATIONS ACCOUNT, 1893-94.

Royalties on Carriage Mountings.

39. The question hereon arising has been already dealt with by your Committee when considering the Army Accounts. The objections made by the Comptroller and Auditor General have been accepted, and the transfer is being made from one account to another. Q. 1969. Q. 1971.

40. Your Committee observe that an excess expenditure of 11,833*l.* upon Head 1, Military Ports, Home, still awaits the Treasury sanction, which can be given under the Act, and the giving of which is expected when the Account shall be closed during the current year 1895-96. Q. 1974. Q. 1978.

41. In respect to the date of closing the Account, your Committee notice the Comptroller and Auditor General's remark that the present Account will be the last but one of the service, and the expenditure will have extended over seven years, instead of the three which were contemplated by the Second Schedule of the Act. It was held that the statement of date at the head of the Schedule was the expression of an intention, and was of the nature of an estimate, and so did not prevent the Treasury and the War Department from agreeing to continue the expenditure for a longer term than three years. They have consented to the prolongation of the Account into 1895-96. Upon this your Committee express no opinion. Q. 1982.

42. Your Committee notice that within the total Vote there have been extensive redistributions of expenditure between various headings, as Coaling Stations, Ports, Ordnance, and so forth. This has been done by the War Department, with the cognisance of the Treasury. But the Treasury defer their formal sanction until the Account shall be closed. Q. 1986. Q. 1994. Q. 1996. Q. 2002.

BARRACKS ACT, 1890, ACCOUNT, 1893-94.

43. Your Committee do not find that any question has been raised under this head. The expenditure appears to be going on at the rate of 700,000*l.* a year and may yet extend over a term of three years. Q. 2019.

27 *June* 1895.

PROCEEDINGS OF THE COMMITTEE.

Monday, 26th June 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Hanbury.	Sir John Hibbert.
Mr. Mowbray.	Sir John Gorst.
Mr. Arthur O'Connor.	Sir Arthur Hayter.
Mr. Arthur Williams.	Mr. Thornton.

DRAFT FOURTH REPORT, proposed by the *Chairman*, read the first time, as follows:—

"ARMY CLOTHING FACTORY ACCOUNTS.

"1. AFTER consulting the Comptroller and Auditor General, your Committee find that there is nothing in these accounts to require remark.

"CHELSEA HOSPITAL.

Q. 1490. Q. 1494. Q. 1502. Q. 1504. Q. 1509.

"2. Your Committee learn, that whenever any occasion arises, which is very rare, for expending any of the capital of the funds, the Hospital Commissioners have consulted the War Department, and that in future the Treasury is to be consulted also. The funds of the capital amount to about 101,000*l.*, called "Securities (Stock)." Besides this, there is land yielding 1,200*l.* of annual income. If there be any unexpended balance of income it is invested and becomes part of the capital, and such investments have often taken place. As regards the income derived from capital and land, the Treasury do not claim any control over current expenditure, except in certain cases, such as the raising of the salary of an officer, and the granting of additional allowance to the Pensioners.

"ARMY (ORDNANCE FACTORIES) MANUFACTURING ACCOUNTS, 1893-94.

Q. 1514.

"3. The attention of your Committee was last year drawn (*see* paragraphs 31–35 of their Second Report, dated 11th July 1894) to certain piecework ledgers in these factories, with reference to the accounts generally, and to the purposes of audit particularly. Your Committee then understood that a certain course would be adopted regarding these ledgers, with a view to a final determination regarding them being arrived at. That course has not been pursued, and some failure has occurred. The Comptroller and Auditor General has drawn the attention of Parliament to the failure (*see* paragraph 2. and subsequent paragraphs of his Report), and your Committee, having duly considered the subject, deem it necessary to summarise the following circumstances.

Q. 1518. Q. 1522. Q. 1523

"4. The objects aimed at in the discussion are in this wise: first, to secure that operations in the work-shops are not paid for twice over; secondly, that all work which is paid for, and which should be sent into store, is actually received there. These were adverted to in the Evidence before your Committee last year, in their Report to Parliament, and in the subsequent Minutes of the Treasury, confirming and intending to give effect to the views of your Committee and of the Comptroller and Auditor General. The outcome of the proceedings of last year was this, that the above objects, being essential to audit, must be somehow attained, if not by the ledgers in their existing form, then by some revision of their form, or by some extension of them, so that by audit the objects above set forth might be secured. This revision or extension was to be discussed and, if possible, settled at a conference between the departmental officers. The Treasury was to favourably consider any moderate proposals for expenditure in connection therewith. Your Committee believed that all this was fully understood by the high officials concerned, and still believe that if not actually understood it ought to have been so. The Comptroller and Auditor General, however, has now to report that not only has he been unable to make any satisfactory arrangement with the War Office, but that the audit of the accounts for 1893-94 has not been brought to even as satisfactory a conclusion as those of previous years. In other words, instead of progress being made during the years under report there has been retrogression.

Q. 1531.

"5. The causes of this undoubted failure are set forth both in the correspondence between the Treasury and the War Office, and in the Minutes of Evidence taken before your Committee. The date of the above-named circumstances was in July 1894. On the 30th November of that year the Comptroller

Comptroller and Auditor General was surprised to learn that for some time past these ledgers had been withdrawn from the accounts for purposes of audit, and had been practically abandoned. Consequently, no proceedings and no conference regarding them had taken place since July 1894. But, further, it appeared that the discontinuance of them for purposes of audit and account had taken place at the end of 1893–94, that is, before April 1894, and before May of that year, when your Committee began to take evidence on the subject. Yet no information of this fact was communicated to your Committee, either by the Director General of the Factories or by the representative of the War Office. Your Committee understood at the time that they were considering ledgers which, though imperfect, were still forming part of the accounts, and not ledgers which for this purpose had been discontinued. The discontinuance, as an accomplished fact, was inconsistent with the tenor of the evidence then given, and a knowledge of it would have affected or modified your Committee's recommendations. This discontinuance had been effected under a general authority, from the Secretary of State for War to the Departmental Committee on Factory Accounts, to test the practical working of their conclusions before submitting them for formal sanction. But on this the Treasury justly express surprise that so highly important a step was not communicated to the Public Accounts Committee when they took evidence on the subject on the 23rd May 1894. Further, the Treasury very properly pronounce that the permission to test a recommendation before submitting it cannot be held to cover the irrevocable abandonment for 1893–94 and 1894–95 of very voluminous and intricate records, of which the Comptroller and Auditor General and the Public Accounts Committee seemed to favour the extension rather than the discontinuance; and that the conference had been urged by the above authorities for future decision, little knowing that a decision had already been actually arrived at and acted upon.

Q. 1526. Q. 1537. Q. 1537. Q. 1539.

"6. Next, your Committee observe that in January of this year (1895) the War Office inform the Comptroller and Auditor General that if the reasons given for not keeping these records as parts of the account are regarded as insufficient, the Director General of Ordnance Factories will be prepared to arrange a conference on the subject, as suggested by the Committee of Public Accounts. But this was too late for the purposes of the Comptroller and Auditor General's Report, which was shortly to be presented to Parliament. It was, in your Committee's opinion, of no immediate use to propose this then; it was too late, inasmuch as the records had been abandoned for purposes of account since April 1894.

Q. 1541. Q. 1547.

"7. Again, the War Office write that if desired the ledgers can be restored to their previous form. Certainly they can; but your Committee must observe that even then the two years would have to be left out, the current year and the last, during both of which discontinuance has taken effect.

Q. 1542.

"8. As there has been some breach of official rules in this matter, your Committee have sought for explanation of those concerned. The Director General of Ordnance Factories states that the ledgers have not been abandoned for administrative purposes; for which, indeed, they are more or less maintained, and this seems to be all the defence that he is able to make. But this, of course, is no defence at all, as it is the abandonment for audit and account to which exception is taken. In short, he says, "I must apologise, both to the Committee and the Comptroller and Auditor General, if I have mistaken my functions, and taken matters in hand which I ought not to have done without higher sanction." And in reference to that he pleads that there have been numberless changes in detail, which his Departmental Committee have made straight off under the general authority given them by the War Office. Your Committee must observe hereon that this matter, now under consideration, was not of the same character as those details with which the Director General had dealt directly, and, no doubt, rightly. It was a matter pertaining to audit and account, which had been reported to Parliament by the Comptroller and Auditor General, and which had been noticed markedly by the Public Accounts Committee. Therefore, it was not competent for the Director General to deal with that in a summary and conclusive manner. As he himself says, he certainly mistook his functions in this respect. Furthermore a conference had been distinctly suggested by the Public Accounts Committee, and that suggestion had been supported by the Treasury. Yet the Director General has to admit that he paid no attention to this suggestion. To the natural query as to why he failed to inform the Public Accounts Committee in May 1894, that the books had been already abandoned as forming part of the accounts, he has nothing to say that is really pertinent; as already shown, the answer he gives, that these books were retained but for administrative purposes only, is no answer at all. He could hardly have mistaken the drift of the examination in 1894; and it follows that in giving evidence he mistook his own position in reference to the matter.

Q. 1526. Q. 1527. Q. 1528. Q. 1529. Q. 1530. Q. 1551. Q. 1532 to 5134. Q. 1543.

"9. The representative of the War Office having been present during the examination of 1894, has been further examined by your Committee on the point. He gives a full explanation, the substance of which amounts to this, that he was not at that time aware that the books had been withdrawn from the accounts, and that he spoke of them, under misapprehension, as still existing for that purpose, when, in reality, they had ceased to exist. He ought, of course, to have fully informed himself on the subject before giving explanations to your Committee. It is impossible for your Committee to form correct conclusions if they cannot get exact evidence from a high official representing a great public department.

Q. 1662.

"10. Furthermore, your Committee, while acknowledging the full support received from the Treasury through the correspondence, cannot think that their proceedings and suggestions received from the War Office the attention which might have been hoped for. No doubt, when the default in this matter had been formerly reported by the Comptroller and Auditor General, the War Office did propose a conference in the beginning of 1895; but, as already explained, that date was too late

for the current year; and the conference ought to have been arranged in the autumn of 1894, in accordance with the suggestion of your Committee, confirmed by the Treasury.

"11. The consequence has been that for the immediate past and present the audit of these accounts must remain imperfect. For the future your Committee recommend that the War Office arrange with the Departmental Committee for holding the conference as previously suggested. Your Committee do not understand that the Comptroller and Auditor General is at all committed
Q. 1674. to these particular ledgers. Perhaps it may not be necessary to keep them up. But in that case some other form of statement must be devised in order to produce the desired result, as already set forth by your Committee, namely, that the Comptroller and Auditor General may be able to certify to Parliament that the work has not been paid for twice over, and that the work paid for is actually received into store.

Q. 1727. "12. In his paragraph 9 the Comptroller and Auditor General draws attention to certain 'fellowship' shops in the Royal Laboratory, and proceeds to inquire whether a more exact system of accounting cannot be introduced in reference to the system technically known as that of the 'complete prices.' Your Committee learn from the Director General that now these 'complete prices' include nothing but the allowance for wastage and defective work, and that they being regarded as indispensable will have to be maintained.

Q. 1730. "13. Your Committee learn that a reply to the Comptroller and Auditor General's queries has been received from the War Office to the effect in these particular shops the piecework price covers the ordinary run of accidents for the shop just as any individual piecework price covers the same
Q. 1734. risk by the individual workman. The Comptroller and Auditor General informs your Committee that he has not been able to fully study this reply, as it includes several details; so the point can hardly be pressed further at present.

Q. 1737. "14. In the same paragraph 9 the Comptroller and Auditor General observes that the number of articles shown by the manager as defective were often in excess of those so recorded by the worktaker, and that hence the worktaker's record must be regarded as a valuable check. He
Q. 1739. addressed an inquiry to the War Office on the subject, to which a reply has recently been received. It thence appears that the check is now applied, and the Comptroller and Auditor General agrees that so far the reply is satisfactory. But he thinks that further questions may arise in reference to this, regarding which he must defer the expression of his opinion, the whole subject being highly technical.

Q. 1740. "15. In general terms your Committee learn that in the several matters above mentioned the
Q. 1745. War Office are sanguine that the scheme of accounts recently adopted by the Director General will prove to be a great improvement upon the previously existing arrangements. The simplification of methods is said to be working quite satisfactorily. The piecework pay, whether allowed either to an individual or to a group of men working in fellowship, always includes a margin for defective work. The credit is given for effective work only. A separate stock is taken of the defective work. This is agreed upon between the foreman of a shop and his check, the worktaker. It is
Q. 1736. admitted that in nearly all cases there will be some defects which cannot be traced to any particular cause or person.

Q. 1750. "16. Your Committee understand that the margin for defective work used to be objectionable where it co-existed with a system of payment of shop operation prices to individual men, but that is now stopped.

"17. In his paragraph 11 the Comptroller and Auditor General notices that no reply had been received from the War Office as to the addition of 'indirect expenditure' to the value of articles on which little or no labour had been expended in the factory, as it is the labour which forms the basis of the 'indirect' charges. Your Committee learn that a reply has since been received to the effect that this addition was an error. And with that the Comptroller and Auditor General is satisfied.

"Gun Factory.

Q. 1752. "18. In his paragraph 13 the Comptroller and Auditor General remarks that it is a principle that the price charged for an article should be based on the amount of cost of production as shown by the factory ledgers; this principle, he thinks, has been infringed by an adjustment which has taken place of prices that suit what is supposed to be a proper, but which may not have been the real, cost as based on the production records. The Director General admits to your Committee the infraction, but explains that it only occurred once in a way when the new base line of the accounts was being established. It arose from the fact that a really accurate stocktaking was being effected for the first time. The need of such adjustment will not recur. The Comptroller and Auditor General is satisfied with this explanation, provided that the adjustment is not to recur when once
Q. 1755. the base line has been established as a foundation for the future account.

Q. 1757. "19. The War Office explained to your Committee that of late there has been, for the first time, a satisfactory and accurate stocktaking at Woolwich. For the maintenance of accuracy in future the starting-point of the account must be on a base line. In setting this line discrepancies (as might have been feared) were discovered, which had to be reconciled in some way so as to avoid
Q. 1758. the absolute vitiation of the prices of the articles; hence the necessity for adjustment. The
Q. 1759. Treasury support the principle laid down by the Comptroller and Auditor General, but agree that this special adjustment was needed to form a basis for the new account, considering that, having once been come, it is not to recur. Whether the process should be described as an adjustment or

an assumption seems to be doubtful; at all events, it has not been frequent. Perhaps it has been applied to not more than 20 cases; if so, it is, in truth, rare and exceptional. Q. 1760. Q. 1761.

"20. Your Committee learn, however, that by this process the money total had to be corrected, and the Comptroller and Auditor General does not think this is satisfactory; the total sum of money has to be accounted for, and this is done by stating that certain articles cost that which they did not cost. It is admitted that the figures representing both stock and money were not quite correct and trustworthy, and this was the consequence of defective stocktaking. Now, however, there will be a complete stocktaking, with a well-ascertained remain; and that remain had to be priced, as above explained. The necessity for any such process now shows that there must have been laxity in the stocktaking in the past, and the old system was not of much value as a stocktaking. But, as remedial measures have been adopted, your Committee must await further reports from the Comptroller and Auditor General. Q. 1785. Q. 1787. Q. 1790. Q. 1793. Q. 1804.

"21. Meanwhile your Committee have impressed on all concerned the importance of proceeding with the new stocktaking with such careful accuracy that no questions such as those discussed shall in future arise. Q. 1812.

"ENFIELD SMALL ARMS FACTORY.

"22. In the transfer of a sum of 5,888*l.* from buildings to land in the capital account an adjustment of 1,500*l.* on account of depreciation had to be made in accordance with the principle laid down by the Treasury (*see* the Comptroller and Auditor General's paragraph). Your Committee now learn that this has been satisfactorily done. Q. 1823.

"23. In respect to the buildings where the imperial reserves of gunstocks and saltpetre are kept, the production of the years 1891–92 to 1893–94 have been undercharged by the amount of depreciation. The War Office explain that until quite recently these reserves were held as a general store and not as a portion of the materials of the factories, and therefore no depreciation could be written off. But when it was decided that they should become a portion of the factory reserves, then a change was necessary. A reply has been subsequently received admitting the propriety of transferring the expenditure from machinery to buildings, and with that the Comptroller and Auditor General is satisfied. Q. 1824. Q. 1830.

"STOCKTAKING.

"24. Your Committee have considered further a matter which was in several ways considered during their proceedings of last year, namely, the independent departmental stocktaking. It appears that this is done now to some extent better than before. While acknowledging this, the Comptroller and Auditor General considers that a further extension of this procedure is desirable. The War Office did not seem at first sight to readily assent to this; but they are now endeavouring to meet the views of the Comptroller and Auditor General in some degree, and at a moderate cost of about 500*l.* a year. Without undertaking to suggest any exact directions, your Committee have impressed on the War Office the importance of such an increase to this stocktaking as may prove satisfactory to Parliament. Q. 1832 to 1844.

"COMPARISON OF PRICES.

"25. In reference to the question as to whether the comparison between contractors' prices and factory prices can be made by the Comptroller and Auditor General, it appears that the Treasury have been assured by the War Department that the publication of the contractors' prices would be prejudicial to the general interest. Therefore your Committee would refrain from pressing the point. Q. 1849.

"ARMY (ORDNANCE FACTORIES) APPROPRIATION ACCOUNT, 1893–94.

"26. The Comptroller and Auditor General has called attention, in paragraph 2 of his Report on this account, to a sum of 37,178*l.* 5*s.* 6*d.*, which appears to him to be intended to form the nucleus of a capital account or reserve fund in connection with the Ordnance Factories Vote. Q. 1852.

"27. Your Committee learn that it arises from the surpluses on this Vote, which, as explained further on, are not, as at present arranged, surrendered to the Exchequer. This sum, which exists in cash, forms part of the general balance of the War Department in the hands of the Paymaster General. Q. 1867. Q. 1872.

"28. Your Committee understand that this reserve fund could in no case be used by the War Office on its own authority alone; but that, though the action would be irregular, it might be used without the sanction of Parliament, if its expenditure did not cause an excess on the Vote. Q. 1856.

"29. The subject is one of some importance, inasmuch as the amount of the balance at the end of 1895–96 may be not less than 98,000*l.* Q. 1882.

"30. On this the Comptroller and Auditor General reminds your Committee that he recommended the Committee of Public Accounts to give their sanction to a departure, in the case of this Vote, from the usual principle of surrendering surpluses and voting deficiencies, in which your Committee acquiesced. But he considers that this should not be carried so far in practice as to lead to the formation of a capital account, whereby money might be spent without the direct knowledge of Parliament, except under regulations to be laid before Parliament after careful consideration by the Treasury. He thinks that the regularity of the system must be guarded as against the formation of a capital account, as already mentioned, and that the accumulation of these funds must be carefully watched. The preparation of the necessary rules is now the subject of a Q. 1871. Q. 1878. Q. 1878-9.

pending correspondence between the Comptroller and Auditor General and the Treasury in communication with the War Office. When prepared they could be presented to your Committee, or laid on the Table of the House. At present the Treasury would have to decide what should be done with the balance, whether it should be spent on departmental objects with Treasury sanction, or invested, or surrendered to the Exchequer.

Q. 1901. "31. The representative of the War Office, on the other hand, suggests that there is no reason why this Vote should not be treated like every other Vote, and all the surpluses be surrendered to the Exchequer, and all the deficiences be voted by Parliament. In his opinion, the notion of capital being worked into the accounts of the year is surplusage and an unnecessary complication. The surrender of a surplus arising from the non-delivery of stores may, in his opinion, render it necessary that a Vote be asked for in the coming year to make up the deficiency, with the explanation that the money had been virtually spent in the previous year. In private firms there may indeed be a capital account; but in the case of these factories the capital account is really represented by the amount which has been laid in for stores and machinery. But these affairs do not rest on a commercial basis; it would be more straightforward to treat them as Parliamentary matters.

Q. 1902.

Q. 1904.

Q. 1906.

Vide Public Accounts Committee, Fifth Report, 1890, paragraph 6, and Third Report, 1891, paragraph 22. "32. Your Committee have consequently considered the question further in reference to the proceedings of their predecessors. A provisional settlement of it was arrived at in 1890-91, the Ordnance Factories having in 1888-89 been placed under a single chief, who was to deal with the Army and Navy and all other customers on a single price list. Army Votes were to provide for land armaments only, and Navy Votes for sea armaments. Existing stocks of armaments were to be divided between the War Department and the Admiralty. The working capital of the factories was to be provided, first, by the buildings and stocks already in hand; and, secondly, by advances of money from the War Department, the Admiralty and others, as against orders for work. In order to preserve the yearly control of Parliament an estimate was to be presented annually showing the expected gross expenditure of the factories on productions and the expected receipts from customers and other sources, a token vote being taken upon this estimate, in order to bring the matter within the cognisance of Parliament, the moneys for the factories being supplied from the Army and Navy Votes as feeders. Manifestly, Parliament could not be asked to vote the whole gross expenditure of the factories, as the cost of the land and sea armaments is already voted in the Estimates. It is this arrangement which has been sometimes described by such phrases as 'placing the factories on a commercial basis,' or 'making them self-supporting.' It has led to a peculiar method of dealing with surpluses and deficits.

"33. A consideration of the Factory Accounts shows that a surplus will mainly be due to receipts of stores supplied on payment in the year having exceeded the cost of stores manufactured in the same year. So far as it may not be due to receipts for 'depreciation' it will, however, be temporary only, and will be immediately required to meet outstanding liabilities. So it could not be surrendered to the Exchequer without causing needless complications. On the other hand, a deficit may probably arise from expenditure on raw material or on plant, which cannot be wholly brought into charge against customers within the year. It may be made good before the next year is out. If Parliament were required to vote it, the grant would not be wanted and would have to be paid back into the Exchequer as a surplus on a succeeding account.

"34. This consideration led to a departure from the ordinary course, and to the institution of the 'Ordnance Factories Suspense Account,' which is credited with all surpluses and debited with all deficits on this Appropriation Account, the one being set off against the other in the normal progress of business. Your Committee observe that this Suspense Account shows a net credit balance on 31st March 1894 of 53,710*l.* 7*s.* 6*d.* On examination of the various items, your Committee find that this credit balance, indeed, being the result of several years of business, tends to be not merely temporary, but is of the nature of a fund accumulating for the possible replacement of worn-out buildings and machinery and for the capital outlay; and no part of this fund can properly be spent without the sanction of Parliament.

"35. It thus becomes a distinct question whether such a balance should be allowed to remain in the hands of the War Department. It might be invested, or paid into the Exchequer, without altering the present practice regarding the current surpluses and deficits; but, whatever course may be adopted, your Committee consider that the accumulation of such capital fund, so far as that may be allowed, and the due custody or disposal of it, should be under regulations to be framed with the sanction of the Treasury and to be laid before Parliament.

36. "Your Committee will not further pursue now this technical subject, but will content themselves with recording their reason why the Treasury should be invited to give additional consideration to the whole matter. And your Committee, as at present advised, think that the settlement of 1890-91 should not be disturbed unless the pending correspondence shall disclose reasons which have arisen since that date.

Q. 1934. "37. Your Committee observe that certain officers technically skilled have been paid extra remuneration for helping the examiners under the Military Education Department. This work was over and above their duties at the factories, and they have had to take the papers home with them after office hours.

"MILITARY FORCES LOCALIZATION ACCOUNT, 1893–94.

"38. Your Committee observe, in respect to the proximate close of the Account, which has been going on since 1872, that the anticipation of the expenditure being completed by the end of 1894–95 will not quite be fulfilled, but that a small expenditure will fall into 1895–96. To this the sanction of the Treasury has been obtained. Your Committee are assured that this latter will really be the last Account to be rendered, and that there is no chance of the unexpended balance of 20,000*l.* being exceeded by the remaining requirements. Q. 1958. Q. 1937.

"IMPERIAL DEFENCE ACT (MILITARY SECTION) PORTS AND COALING STATIONS ACCOUNT, 1893–94.

"Royalties on Carriage Mountings.

"39. The question hereon arising has been already dealt with by your Committee when considering the Army Accounts. The objections made by the Comptroller and Auditor General have been accepted, and the transfer is being made from one account to another. Q. 1969. Q. 1971.

"40. Your Committee observe that an excess expenditure of 11,833*l.* upon Head 1, Military Ports, Home, still awaits the Treasury sanction, which can be given under the Act, and the giving of which is expected when the Account shall be closed during the current year 1895–96. Q. 1974. Q. 1978.

"41. In respect to the date of closing the Account, your Committee notice the Comptroller and Auditor General's remark that the present Account will be the last but one of the service, and the expenditure will have extended over seven years, instead of the three which were contemplated by the Second Schedule of the Act. It was held that the statement of date at the head of the Schedule was the expression of an intention, and was of the nature of an estimate, and so did not prevent the Treasury and the War Department from agreeing to continue the expenditure for a longer term than three years. They have consented to the prolongation of the Account into 1895–96. Upon this your Committee express no opinion. Q. 1982.

"42. Your Committee notice that within the total Vote there have been extensive re-distributions of expenditure between various headings, as Coaling Stations, Ports, Ordnance and so forth. This has been done by the War Department, with the cognisance of the Treasury. But the Treasury defer their formal sanction until the Account shall be closed. Q. 1986. Q. 1994. Q. 1996. Q. 2002.

"BARRACKS ACT, 1890, ACCOUNT, 1893–94.

"43. Your Committee do not find that any question has been raised under this head. The expenditure appears to be going on at the rate of 700,000*l.* a year, and may yet extend over a term of three years." Q. 2019.

Question, That the Report be read a second time, paragraph by paragraph,—put, and *agreed to.*

Paragraph 1, *agreed to.*

Paragraph 2, amended, and *agreed to.*

Paragraphs 3–35, *agreed to.*

Paragraph 36, amended, and *agreed to.*

Paragraphs 37–43, *agreed to.*

Question, That this Report, as amended, be the Fourth Report of the Committee to the House,—put, and *agreed to.*

Ordered, To Report, together with the Minutes of Evidence.

[Adjourned until To-morrow, at Two o'clock.

LIST OF WITNESSES.

Wednesday, 1st May 1895.

Sir Charles Lister Ryan, K.C.B., and Mr. George L. Ryder, C.B. - - - - p. 1
Mr. G. D. A. Fleetwood Wilson, C.B. - - - - - - - - - - p. 1
Mr. Ralph Henry Knox, C.B., and Major General C. W. Robinson, C.B. - - - p. 1
Mr. John Dowling - - - - - - - - - - - - - - p. 2
Mr. William Anderson, D.C.L., F.R.S., M.INST.C.E. - - - - - - - - p. 3

Wednesday, 8th May 1895

Sir Charles Lister Ryan, K.C.B., and Mr. George L. Ryder, C.B. - - - - p. 17
Sir Gerald FitzGerald, K.C.M.G. - - - - - - - - - - - p. 17
Mr. Ralph Henry Knox, C.B., and Mr. William Anderson, D.C.L., F.R.S., M.INST.C.E. - p. 19

MINUTES OF EVIDENCE.

Wednesday, 1*st May* 1895.

MEMBERS PRESENT:

Mr. Buchanan.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Arthur O'Connor.
Sir Richard Temple.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

ARMY CLOTHING FACTORY ACCOUNTS, 1892–93.

Mr. G. D. A. FLEETWOOD WILSON, C.B., called in; and Examined.

Chairman.

1490. (To Sir *C. L. Ryan.*) I UNDERSTAND from your Report upon these Accounts that there is no point to be brought before the attention of this Committee?—There is no point to which I wish to call the attention of the Committee.

Chairman—continued.

1491. (To Mr. *Fleetwood Wilson.*) Have you anything to represent or explain to the Committee in regard to those Accounts?—Nothing at all.

[Mr. *Fleetwood Wilson* withdrew.

CHELSEA HOSPITAL ACCOUNT, 1893–94.

Mr. RALPH HENRY KNOX, C.B., and Major General C. W. ROBINSON, C.B., called in; and Examined.

Chairman.

1492. (To Sir *C. L. Ryan.*) Is there anything in this Account that you think the Committee ought to notice?—I think if it is understood and admitted (as I think it is) that the Treasury will be consulted by the Chelsea Hospital Commissioners whenever any occasion arises for the expenditure of any part of the capital of the

Chairman—continued.

funds at their disposal, that that is the only point that would arise upon this Report.

1493. (To Major General *Robinson.*) Have you any remarks to make upon that point?—It is quite understood that the Treasury will be consulted in such cases.

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Major General Robinson, C.B. [*Continued.*

Chelsea Hospital Account.

Appropriation of the Capital of the Hospital.

Chairman.

1494. (To Mr. *Knox.*) You will observe in the last sub-paragraph of the Report of the Comptroller and Auditor General, under the heading "Appropriation of the Capital of the Hospital," he says, "The Treasury have since been informed that the Chelsea Hospital Commissioners have undertaken to consult their Lordships whenever any occasion arises for the expenditure of any part of the capital of the funds at their disposal. Under the circumstances, the Secretary of State considers that further legislation is not required in order to restrain the action of the Commissioners when dealing with the Army Prize and Legacy Funds of the Royal Hospital, in which opinion the Treasury have concurred." The question I wish to ask you is this: are the Commissioners careful in consulting the Treasury when any occasion arises for the expenditure of any part of the capital of the funds?—The occasions upon which such proposals come forward are extremely rare, but the Chelsea Hospital Commissioners have always consulted the Secretary of State, and I believe are prepared to consult the Treasury to any extent that may be necessary.

1495. (To Mr. *Ryder.*) Are you satisfied with what Mr. Knox has said?—Hitherto the Treasury has not been consulted with regard to the expenditure of capital, but the agreement now is that no further expenditure of that kind is to be incurred without the concurrence of the Treasury, and that satisfies the Treasury.

Chairman—continued.

1496. (To Mr. *Knox.*) That seems to be quite understood by the War Office?—Quite so.

1497. (To Sir *C. L. Ryan.*) Have you anything further to say upon the point?—No.

Sir *Arthur Hayter.*

1498. (To Mr. *Knox.*) You explained in your evidence last year that certain grounds were let for exhibitions. In the case of rent being paid for that ground, is that money which the Treasury would have to be consulted about before it is expended?—Yes, they would have to be consulted.

Mr. *Arthur O'Connor.*

1499. (To Major General *Robinson.*) I believe that Chelsea Hospital derives income not only from a capital sum but also from land; Chelsea Hospital is in receipt of certain rents from that land, is it not?—Yes, that is put under the heading of "Miscellaneous Fund (Rents, &c.)."

1500. It has also a cash capital of some 79,000*l.*, has it not?—That is the Army Prize Fund.

1501. Do not some of the rents get added to the Prize Fund?—They used to be, but I think they are not now. However, I have only recently come to Chelsea Hospital, and, perhaps, you would put your question to Mr. Dowling, the Assistant Secretary.

Mr. John Dowling, called in; and Examined.

Mr. *Arthur O'Connor.*

1502. (To Mr. *Dowling.*) Would you tell the Committee the exact position of the funds of Chelsea Hospital, how they are distributed, and how they are maintained?—In this account the capital sums are shown on page 2. Under the heading of securities you will see Army Prize Fund, 79,000*l.*; Drouly Legacy, 8,800*l.*; Stuart Legacy, 3,600*l.*; Ranelagh and De La Fontaine Legacies, 9,833*l.* 10*s.* 4*d.*, making altogether 101,233*l.* 18*s.* 4*d.* These figures appear under the heading "Securities Stock;" that, I presume, is the capital in addition to the land.

1503. What is the land and what does it bring in?—The land brings in 500*l.* and 760*l.*; 1,200*l.* a year altogether.

1504. Then is the cash capital increased by the unexpended balance of rent?—The rent comes into the cash account and is expended on the hospital. If the balance at any time is in excess of the requirements it is invested, and becomes part of the stock. Almost every year until the present year there has been more or less invested in that way.

Mr. *Arthur O'Connor*—continued.

1505. The understanding now arrived at is, that there shall be no expenditure of any portion of the capital of the hospital without the previous sanction of the Treasury?—Quite so.

1506. I suppose you would say that the rent, until it has been passed to the capital account, is income and not capital?—It is part of the income, and the Treasury are not consulted about that.

1507. After it has been once passed to capital account you would have to consult the Treasury about the expenditure of it, would you not?—Yes, we cannot sell stock without the consent of the Treasury.

1508. Until it has been passed to capital account you can expend it without the consent of the Treasury?—Yes. There are many services of the hospital maintained from the cash.

1509. (To Mr. *Ryder.*) I do not know whether you consider the engagement on the part of Chelsea Hospital, as it has just been explained, amount-

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Chelsea Hospital Account.

Appropriation of the Capital of the Hospital—*continued.*

Mr. *Arthur O'Connor*—continued.

amounts to what the Treasury had looked for?—Yes, I think that is what the Treasury understand. I do not think the Treasury wish to have any control over the expenditure of income derived from rents by the hospital.

1510. You think the understanding is that rents, before they are paid to capital account, may be expended at the discretion of the hospital authorities without Treasury sanction?—Yes.

1511. But that if the rent once passes to capital account Treasury sanction is required?—Yes. (Mr. *Dowling.*) I may add that the Treasury consent is required even for expending some of the cash under certain circumstances. For instance, if you add to the allowance to a salaried officer, that cannot be done without the consent of the Treasury, although it is paid out of the cash balance.

1512. Supposing you give the pensioners an

Chelsea Hospital Account.

Appropriation of the Capital of the Hospital—*continued.*

Mr. *Arthur O'Connor*—continued.

extra penny, do you get the consent of the Treasury?—The last time that was done the Treasury were consulted.

1513. Were they consulted before the issue was made?—If they were not consulted before it was made they were immediately after; there may have been one payment made inadvertently before they were consulted, but they were consulted virtually at the time, and the Treasury did not object. (Mr. *Ryder.*) May I explain how that came about? I think that came about not from the Treasury asserting any jurisdiction over the expenditure of the money that was given to the pensioners, but they asserted the right to question whether the payment to the pensioners out of the rents ought not to be met by a certain reduction of the Vote.

[Major General *Robinson* and Mr. *Dowling* withdrew.

ARMY (ORDNANCE FACTORIES) ACCOUNT, 1893-94.

Mr. William Anderson, D.C.L., F.R.S., M.INST.C.E., called in; and Examined.

General Observations.

Chairman.

1514. (To Sir *C. L. Ryan.*) With regard to paragraph 2 of your Report, when you proposed certain changes in certain accounts or ledgers you had particular financial objects in view, had you not?—Yes.

1515. Which objects are set forth in paragraph 2 of your Report?—Yes.

1516. You consider that those objects are of some financial importance?—I think so.

1517. Are they not much the same objects as are set forth in the third paragraph of your letter to the Treasury marked "A.," printed on page 262?—They are.

1518. The objects being to secure, first, "that operations in the workshops are not paid for twice over," and, secondly, "that all work paid for and that should be sent into store is actually received there"?—Those were the objects of the extension of the present books, which has been before this Committee more than once, and which was in consideration in regard to this correspondence, printed at page 262 and subsequent pages.

Chairman—continued.

1519. It was in consideration in the evidence taken before this Committee last year, was it not?—Yes.

1520. And alluded to in the Report of this Committee?—Yes.

1521. And it was further noticed in the Minutes of the Treasury, was it not?—Yes.

1522. The Treasury Minutes being in support of the view taken by this Committee?—Yes, I think so.

1523. (To Dr. *Anderson.*) In paragraph 3 of the Comptroller and Auditor General's Report allusion is made to a conference between departmental officers regarding the form or the extension of these accounts, and there is some allusion to consideration being given to any moderate proposals of expenditure upon improvements of system, and the Comptroller and Auditor General goes on to say that "there was thus a prospect that eventually the accounts of the factories might be brought under a more complete audit than in some respects had hitherto been possible;" do you admit all that, or have you anything to

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Army (Ordnance Factories) Account.

General Observations—*continued.*

Chairman—continued.

say contrariwise?—I should like to say that I do not think that what the Comptroller and Auditor General wishes will answer the purposes of the Ordnance Factories. It would detect errors some months after the balance sheet is prepared, but it will not enable us to prevent errors arising as the work goes on, and that is our object.

1524. You admit that it was proposed, and not only proposed but understood, that a conference was to be held regarding the form of these accounts?—Yes.

1525. And regarding any expenditure that might be necessary for improving the form of the accounts?—Yes. You will see on page 264 in the War Office letter, headed D., an offer was made to arrange a conference, but no notice was taken of it. In the last paragraph of the War Office letter, dated 26th January 1895, Mr. De la Bère says, "I am to add that should it appear to you that the subject requires further discussion, or that the reason given for not keeping these records as part of the account system are insufficient, the Director General of Ordnance Factories will be prepared to arrange a conference on the subject as suggested by the Committee of Public Accounts."

1526. With regard to that point, do you observe the last sentence of the Comptroller and Auditor General's Report, paragraph 4, which runs thus: "It was therefore with some surprise that I learned on the 30th November 1894 that the books in question (that is, certain piecework ledgers) had been abandoned as forming no part of the scheme of accounting for the year 1893–94." The question I have to ask is, how is there to be a conference regarding the form of books which had at that very time been abandoned?—I never understood that we had undertaken to carry on those books as a part of the accounts. They are not abandoned for the purposes of the foremen and other purposes, but as part of the accounts they never were used, and they were never intended to be used as far as I know, at least I never undertook to use them. To have a piecework record with piecework details, which is an aid to the foremen and others, is a very different thing from having a book which can be balanced and account for the disposition of everything in that book. That is what the Comptroller and Auditor General wishes for, and that is what we think it is impossible to give.

1527. Do you further observe the concluding part of paragraph 5 of the Comptroller and Auditor General's Report, in which he points out "that the discussion before the Public Accounts Committee of last year on suggested improvements in the existing system, on which that Committee founded its Report before alluded to, took place on the 23rd May 1894, a date more than two months after the action of the War Office authorities had taken place. It thus appears that the system that was discussed had actually been abolished at the time that it was engaging the attention of the Public Accounts Committee." Do you admit that at the very time this Committee was taking evidence as to the improvement of these books the books had been actually abolished?—No, I do not admit that at all. They are not abolished now.

1528. Then what is your reply to that paragraph?—My reply is, that these books never formed part of the accounts, and that they are still used in some departments in a modified form as they have been always.

1529. But they have been abandoned, have they not?—The attempt to make them part of the account has been abandoned, but the books have not been abandoned. They are still kept in some of the departments for particular purposes. For instance, the foremen in the Carriage Department keep piecework details, as they call them there, simply that they may be a guide as to whether the work was progressing in the proper manner.

1530. Was all this in your recollection when you gave your evidence before this Committee last year?—Certainly. I may state that on the 20th April, on the 1st May, on the 8th May, and on the 29th May, the Departmental Committee, of which I am chairman, discussed this very point, and it is on their minutes. It was not abandoned at all.

1531. In regard to the question as to whether it amounted to abandoning, will you please observe paragraph 8 of the Comptroller and Auditor General's Report, where he says, "In view of the change in the position arising out of the abandonment of the piecework ledgers, &c., shortly before the close of the financial year 1893-94, I am not only unable to state, as was hoped, that a satisfactory arrangement with the War Office has been arrived at, with regard to the points at issue which were referred to last year, but I have to report that the audit of the accounts for 1893–94 has not been brought to even as satisfactory a conclusion as those of previous years." What have you to say upon that paragraph?—I am very sorry to hear that, but I am not aware that I have made any change.

1532. Then may I ask you a few questions on the appended correspondence which relates to this very matter; let me draw your attention, first of all, to letter A. on page 262, in which the Comptroller and Auditor General says, "The Committee in their Second Report, dated July last" (that is 1894), "recommended that a conference between this Department" (that is to say, the Audit Department) "and the authorities of the Ordnance Factories should be held as soon as possible. It will be remembered that in the Treasury Minute of the 18th October last on that

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General Observations—*continued.*

Chairman—continued.

that Report it was stated that their Lordships would be prepared to give their best 'consideration to any moderate proposals of expenditure upon improvement of system.'" Has that conference been held?—No.

1533. No question regarding Treasury sanction to this expenditure has arisen, has it?—No.

1534. No application has been made to the Treasury?—No.

1535. Then will you please observe letter B. 1, in which the Treasury say, through the pen of Mr. Ryder, that "on both occasions the attention of the Public Accounts Committee was turned to the matter, and that Committee was evidently much interested in the conclusion that would be arrived at upon it by the Departmental Committee which has been sitting for so long upon the administration of the factories; it certainly never occurred to this Department" (that is to say, the Treasury), "nor, my Lords believe, to the Public Accounts Committee, that summary action would be taken in the sense not merely of withholding the further information asked for, but of discontinuing the ledgers themselves without reference to either the Treasury or to the Committee." What have you to say in regard to that statement?—I have nothing to say. I do not know that we made any change. As I have said, these ledgers never were part of the accounts, and they are not now.

1536. In the concluding paragraph of their letter the Treasury, without expressing any opinion about the continuance or otherwise of these ledgers, go on to say that it would have been better had their discontinuance been postponed until the Treasury could have been consulted, and the sense of the Public Accounts Committee taken. Then the Treasury go on to give certain precedents for the course which they consider ought to have been adopted. Have you any reply to make upon that?—No, I have nothing to say about it. The books have not been formally abandoned at all. We are trying various means of imposing a satisfactory check, which is workable, and these books might very likely remain in use in a modified form, and for some accounts.

1537. Again, at page 264 in the letter C. 2, after referring to the War Office explanation that the discontinuance of the piecework ledgers "had been decided and acted upon by the Departmental Committee on Factory Accounts before the close of 1893–94, under a general authority from" the Secretary of State for War "to test the practical working of their conclusions before submitting them for formal sanction," the Treasury go on to say, "My Lords are surprised that so highly important a step was not communicated to the Public Accounts Committee when they took evidence on this subject on 23rd May 1894." Can you explain why this was not communicated to the Public Accounts Committee

Army (Ordnance Factories) Account.

General Observations—*continued.*

Chairman—continued.

when they took evidence in May 1894, inasmuch as the discontinuance had been ordered before the close of 1893–94; that is, before April 1894?—I should like to know what it is that we are supposed to have discontinued.

1538. According to the Treasury letter it is the piecework ledgers at Woolwich Arsenal?—If it is suggested that we have discontinued regularly balanced piecework ledgers as part of the account, I would say that such ledgers never existed; they never have been balanced; it is impossible in many instances to balance them.

1539. The Treasury goes on to say, "My Lords can hardly consider that the permission to the Committee" (I presume that means the Departmental Committee) "to test a recommendation before submitting it ought to be held to cover the practically irrevocable abandonment for 1893–94 and 1894-95, without reference even to the Secretary of State, of very voluminous and intricate records which the Comptroller and Auditor General and the Public Accounts Committee seemed disposed to favour the extension of rather than their discontinuance." What is the departmental answer to that?—I am afraid I have no answer to make, because I was not aware that there was any special necessity for keeping up books which were only partially in use and which were never piecework ledgers in the sense in which, as I understand, the Comptroller and Auditor General looks upon them, and which in that sense would be quite useless to us.

1540. The Treasury letter goes on to say, "Whatever the decision might be, the Public Accounts Committee urged in their Report of the 11th July 1894 that it should be arrived at with all possible expedition in conference with the Comptroller and Auditor General, little knowing that a decision had already not only been arrived at but acted upon." What would you reply to that?—I am afraid I have no reply to make. I was not aware that we had piecework ledgers in the sense in which the Comptroller and Auditor General speaks of them, and, therefore, I do not see how I could have abandoned them. We have altered and modified certain methods of account, but they were not piecework ledgers in the sense the Comptroller and Auditor General speaks of them.

1541. (To Mr. *Knox.*) You will observe in the last paragraph of letter D. the War Office, through the pen of Mr. De la Bère, write to the Comptroller and Auditor General in January of this year: "Should it appear to you that the subject requires further discussion, or that the reasons given for not keeping these records as part of the account system are insufficient, the Director General of Ordnance Factories will be prepared to arrange a conference on the subject, as suggested by the Committee of Public Accounts." I would ask you what was the use of suggesting that when the books had been already

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General Observations—*continued.*

Chairman—continued.

already abolished; was not that suggestion too late?—The books in the sense in which the Comptroller and Auditor General desired them to be worked might be re-established at any time. They were in existence; they had been dropped with a certain object, as I understand, but they could have been re-opened and worked in the direction which the Comptroller and Auditor General desired, supposing after a conference it was decided that it was advisable to do so. If books are dropped, or if their balancing is dropped, they can be re-opened or their balancing can be attempted, notwithstanding that they may have been discontinued in some way, or may not have been completely posted.

1542. But then I would draw your attention to the last paragraph of letter E. 1 from Mr. De la Bère, where he states, "I am to add that their Lordships may see from the Third Report of the Departmental Committee that it is proposed to continue these records in a modified form for administrative purposes, and they are maintained in this form; and to assure them that the ledgers can without difficulty be restored to their previous form and to their place in the scheme of accounts, if it be finally decided that this should be done; so that their temporary disappearance as a part of the accounts has no important bearing on the question of principle involved." In regard to that, I should like to ask you whether, supposing they had been abandoned, and supposing also their re-introduction was ordered, would not two years necessarily have to be left out, viz., the present year and last year, during which this discontinuance has taken effect?—They never have been completely used for the purposes for which the Comptroller and Auditor General desires they should be used. They have never yet been completed with that object, and, therefore, I may say there would be no hiatus, because they never have existed for this purpose.

1543. You have heard the questions I have put to Dr. Anderson and his replies; have you anything to represent to the Committee upon that evidence or upon the points that have been brought out?—I think the point to which attention has been mainly directed is the fact that this subject was discussed before this Committee last year, at the time when, practically, it was known that some change had been made in the practice which had hitherto prevailed at the factories. I think the fact that I answered so many of the questions last year on the subject is the real explanation of this misunderstanding, for there certainly has been misunderstanding. I did answer a good number of questions, and I debated this point as if no change had taken place. Some change, certainly, in regard to the records in the factories had taken place, but I was not aware of it at the time. That change was carried out in consequence of the determination of the Committee over which Dr. Anderson presides, as there was full power to do under the general direction given by the Secretary of State; but the report which made known the fact that this view was strongly held by the Committee had not reached the War Office at the time, and therefore, so far as I was concerned, I was not aware that this change was contemplated, or that the Committee had come to this resolution. I believe on this point last year the main evidence was given by me; I gave it to the best of my knowledge and belief at the time; and certainly it may appear from my evidence that nothing whatever had occurred in the way of change, or prospective change, which was in accordance with what I believed to be the case at the time. I was discussing what I thought was the current state of affairs, whereas it was not the state of affairs which actually existed. I may say, however, as regards the particular points which have been drawn attention to by the Comptroller and Auditor General, viz., that it is necessary to have some complete security that operations are not paid for twice, and, further, "that the articles upon which the operations had been performed had found their way into the production ledgers or list of completed stores," the necessity for that is perfectly obvious to the Secretary of State. It is also the fact, I think, that, supposing the system which is recommended by the Comptroller and Auditor General were a practicable system, and one that would really carry us through our work and gain the object which he has in view, and which we had in view in time, it would be, though a very costly system, a perfect system. In fact, in the minds of those who have had this matter under consideration, three or four years ago it was thought that some such system was possible and practicable, and that it would be a good thing if it could be established; but attempts have been made to establish this system and they have utterly failed. In one case which the Committee may have some recollection of, in the Gun Factories, where such a system was established, the attempt to carry it out was a great cause of the delay which occurred in the rendering of these accounts for that year, and in the end the accounts were only rendered by sacrificing the system and giving up the attempt to make this an integral part of the accounts. This system, I believe, as judged by experts who have gone very thoroughly into the details of it, is a system which is really impracticable; it cannot be applied to any large part of work in the factories. But the Secretary of State and the Departmental Committee are alive to the absolute necessity of establishing plans under which these ends should be gained, and they think that they have devised a system which will secure this object in a rapid manner, in an effective manner, and in a manner which may be regarded as really practicable; that is to say, that we shall get our accounts out within 12 months, or

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General Observations—*continued.*

Chairman—continued.

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General Observations—*continued.*

Chairman—continued.

even less time than that, after the end of the financial year, and shall avoid prolonging the settlement of these accounts for months and months, in clearing up numerous questions upon a large number of petty details, which neces sarily must arise in a big factory of this kind. I think from that explanation it will appear that, so far as my evidence last year was concerned, there was no disrespect intended to the Committee or to the opinions expressed by the Members of it. The Secretary of State, as I say, is most anxious that the ends in view should be gained. His officers have had practical experience of this system which has been attempted, with which I may say my officers were in love for a time, and with which it seems the Comptroller and Auditor General still continues to admire, but which experience has shown to be practically an impossible system. The Committee probably will not think of coming to any conclusion now as to pressing such a system as this upon the factories or upon the Secretary of State, but would wish further conference and discussion to take place; but should they be in a mind to make such a recommendation, I must appeal to them that they should come down to the factories themselves to see what takes place there, and see as an object lesson what is intended by the Comptroller and Auditor General, before they come to any conclusions upon the subject. The Committee of Experts, who really know the thing most thoroughly from top to bottom, have devised a plan which I believe will be much more effective in preventing irregularities than any system which would simply divulge the fact that things had gone wrong 12 months or even 20 months after they had gone wrong.

1544. (To Sir *C. L. Ryan.*) You have heard the evidence given by Dr. Anderson and by Mr. Knox, and the various points which have been brought out; what remarks would you desire to make to the Committee?—I have no wish to make any remark to the Committee upon any question as to whether the War Office should or should not have informed the Committee of the changes that were made at the time that evidence was given on their behalf last year. Mr. Knox has explained the part he took, and I have no wish to go further into the matter. With regard to the action of the Comptroller and Auditor General last year, I have not referred back to my evidence, but speaking from memory, I think I was quite prepared to fall in with the suggestion which I understood was made then, namely, to consider whether these records, piecework ledgers or whatever else you like to call them, were or were not susceptible of the necessary improvement and development for the purpose of enforcing the object which the War Office has explained by Mr. Knox and which I have always had before me, and which is stated as clearly as I can state it in the second

ARMY (ORDNANCE FACTORIES) ACCOUNT.

General Observations—*continued.*

Chairman—continued.

paragraph of the Report which is under consideration.

Mr. *Arthur O'Connor.*

1545. Perhaps you would like to read the answer which you gave before this Committee last year to Question 2167?—I do not think I can do better than read the answer which I have just had my attention drawn to; it contains what I meant to express last year and would express now. I was asked, "Would it be sufficient if your officers saw those records?" and my reply was, "I should not like to give an answer upon a very technical and important question off-hand, but I may say generally that I do not think my Department wishes to be unreasonable as to the minutiæ of detail, and that if we could see our way to any arrangement that would enable us to follow details sufficiently for our purpose without causing a great deal of additional expenditure, we would willingly meet any proposal that the War Office might make to us." That was the spirit in which I gave my evidence last year, and that is the spirit as regards the main point in which I wish to give it again now.

Chairman.

1546. Do I rightly understand that the conference about the changes in these books was never held?—No conference has been held.

1547. (To Mr. *Knox.*) If I rightly understand it, you propose to adopt, or are adopting, some form of ledger or account which is an improvement on the former system; if that be so, why was not that brought forward in conference with the Audit Office, as proposed by the Committee?—A conference was proposed (it was perhaps somewhat late) in the letter of the 26th of January this year, letter D. The question that was raised by the Comptroller and Auditor General earlier had reference to this point, and he was perhaps naturally surprised that some change had been made in the system; he objected to this and reported it to the Treasury, and a correspondence was going on in regard to it. While that was going on it was hardly open to propose a conference with regard to these changes or this system; but when it had at last worked up to this position we said we thought a conference ought to come off, and that it would be as well we should enter into a discussion as to what was necessary for the future.

1548. Has that been done?—A letter was written proposing that there should be a conference, but no doubt the Comptroller and Auditor General, and perhaps even the Treasury, thought that this discussion should take place before this Committee before any conference was arranged. We are quite ready to have this conference, and have been since January.

1549. (To Dr. *Anderson.*) You have heard Mr. Knox's evidence, which seems to amount to this: that when he was giving evidence before

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General Observations—*continued.*

Chairman—continued.

this Committee last year the fact was not fully present to his mind that these ledgers, or piece-work ledgers, or whatever they should be called, had actually been discontinued; was not that fact present to your mind at the time?—They have not been discontinued; they exist in various modified forms even now, not everywhere, but they never were universal.

1550. In so far as they existed they have been discontinued, have they not?—No; they have not been discontinued altogether up to this moment. The foremen in some departments keep what they call piece-work details, which is really this ledger, only it is never balanced.

1551. Did you realise that a conference was to be held as to the form of these books?—I ought to explain, as the responsible chairman of the Committee on these Arsenal Accounts, I never understood I was limited in any way as to what changes we should think necessary to make, nor did I understand, nor do I understand now, that I am even in courtesy bound to consult the Comptroller and Auditor General as to the form the accounts may take. If I am wrong in that I am very sorry for it, but I pursued the same course with the Committee from the very beginning. As changes were required they were made, and we have made very numerous changes. This, which is being called in question now, is only one among a great number of changes. Certainly I must apologise both to the Committee and the Comptroller and Auditor General, if I have mistaken my functions and taken matters in hand which I ought not to have done without higher sanction. (Mr. *Knox.*) I may say that the Secretary of State had given full power to the Director of Ordnance Factories, in considering these changes, to carry out experimentally such as he may think necessary from time to time in accordance with what the Departmental Committee may agree in thinking should take place.

1552. (To Mr. *Knox.*) The point is rather this: that as the matter had come before this Committee, and this Committee had recommended a conference, and the Treasury had supported that recommendation, a conference should, under any circumstances, have taken place?—That conference was recommended by the Committee in its Report subsequently, and then the Comptroller and Auditor General discovered that some change of arrangement or method had taken place at the factories, and drew attention to it; then a long correspondence took place between the two Departments on the subject of the change, and this had the effect of putting off any conference.

1553. In the meanwhile no conference was held?—None has been held.

1554. Although many months have elapsed?—The conference has not been held because the question was raised in another form.

1555. When do you consider the Comptroller and Auditor General raised it?—In all this correspondence.

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General Observations—*continued.*

Chairman—continued.

1556. That began in December, whereas the Committee's Report must have been out in August?—Yes. The proposal might have been made for a conference, but I think there was some uncertainty as to who should call it or arrange it, and after August, the Committee will remember, a good number of people are away, and there would be difficulty about arranging for a conference.

1557. But considering that the Report of the Committee was out in the summer, and that the matter was sure to be re-discussed when the Committee re-assembled in February, would not the latter autumn, say November or December, when everybody is present, have been a very suitable time for a conference?—This correspondence commenced in December.

Sir *John Hibbert.*

1558. I should like to ask you when this Report of the Departmental Committee was completed; was it completed when you gave your evidence last year?—No, it was not completed then. The Report was signed on the 2nd of August 1894.

1559. Then should you not rather alter your evidence as to that; I understood you to say just now that you were not aware of the decision of the Committee when you gave your evidence, and that it was on that ground that you did not deal with the matter as you would have done had you known of the decision of the Committee?—That is what I intended to say.

1560. The Committee not having completed their Report or made their recommendation, of course it was impossible for you to be aware of their decision?—Quite so. I gave evidence (and I think I talked more than Dr. Anderson did last year in regard to this point), not being aware that the Committee had made up their minds that a modification was to be made in their rules.

1561. It seems to me, according to this last paragraph of the letter of the War Office of the 26th of January, that you were then "prepared to arrange a conference as suggested by the Committee of Public Accounts?—Yes.

1562. (To Sir *C. L. Ryan.*) Upon receipt of that War Office letter of the 26th of January was any reply made to the War Office with respect to the conference?—No reply was made. It was then much too late to take any step with regard to the Report that was actually in hand at that time, and therefore I did not think it was desirable to take any step before this Committee had considered the matter.

1563. That was your reason for not taking action with respect to the conference?—Yes, at that time.

1564. (To Mr. *Knox.*) It is the fact, is it not, that the understanding of this Committee was that a conference should be held between the Comptroller and Auditor General and the War Office upon this subject?—Yes.

1565. You admit that?—Yes.

1566. As

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

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General Observations—*continued.*

Mr. *Arthur O'Connor.*

1566. As I understand when you gave your evidence, which, as you say, was rather lengthy, last year you were not altogether acquainted with the facts as to the use of these documents?—Yes, I was, at least as much as ever I shall be.

1567. Were you aware that the use of them had been discontinued in the month of March?—I was not aware that any change whatever had been made.

1568. But some change had been made?—Apparently some change had been made.

1569. So far, therefore, you were answering without complete knowledge of the facts?—Yes, that was so.

1570. (To Dr. *Anderson.*) I suppose you recognise the necessity, from an accountant's point of view, of establishing some connection between the original documents used by the work-takers in the workshops and the production vouchers?—Yes.

1571. What check is there from the one to the other now?—There are various checks. In the first place, as probably you are aware, the whole of the work-taking is done independently of the manufacturing branch.

1572. We are somewhat familiar with this matter, because we have had it before us in more than one year. The year before last we had it before us in connection with the Royal Laboratory, and we were told that certain changes were then introduced under which the payment of piecework prices are now made direct to the men, and it is no longer open to the foremen to distribute the rates in sub-piecework prices. What is the check that exists now which did not exist two years ago in the Royal Laboratory between the original document of the work-takers and the production ledgers, so that the Comptroller and Auditor General can check it?—Do you mean to prevent over payment?

1573. What constitutes the check?—It varies in different shops; it even varies in different parts of the Royal Laboratory. We are now trying a system of cards by which the work-taker marks the work done upon the card which is checked by a foreman, and which cards when sent in to the central office are afterwards compared with the work-taker's book to see that they agree.

1574. That is to say the individual workman claims, and the work-taker or checker makes an independent report?—Yes.

1575. Was there any book in existence a year and a half ago for the purpose of checking these claims for wages which is not in use now?—We have introduced some additional ones. I do not think I can answer that question off-hand.

1576. Was there a book in use then which is not in use now?—There are books in use now which were not in use then.

1577. I am putting it the other way about?—I am afraid I cannot answer the question right off.

1578. Is any book used in a different manner now from what it used to be?—Yes, I think so. The introduction of independent work-takers enables us to check the foreman's returns, or rather I should put it *vice versâ;* that is to say, the entries made by the work-takers are checked by the foremen and agreed by the foremen, which used not to be the case before.

1579. Is that a new book, or a different use of an old book?—A different use of an old book.

1580. That is an extension of the use of an existing book?—Yes.

1581. Would that be calculated, in your opinion, to help the work of an auditor?—I should think so, because unless there is collusion between three men there cannot be any wrong entries.

1582. You say there has been introduced an extended use of a previously existing book, and that that extension is calculated to assist the Comptroller and Auditor General?—I should think so.

1583. I notice in your evidence last year you were asked by myself this question: "Do you see any difficulty in the Committee at Woolwich" (of which you were chairman, I think) "having a conference with a representative of the Comptroller and Auditor General in order to see exactly what is the minimum which would satisfy him," and you answered, "None at all; and I may say we are working very much in concert with the Comptroller and Auditor General and his staff; we try to satisfy him as far as we can; I think Sir Charles Ryan will assent to that;" and Sir Charles Ryan said, "Certainly." Did you communicate to the Comptroller and Auditor General the fact that you were introducing an extended application of existing books which was calculated to facilitate his work?—No, I did not.

1584. Would you mind telling the Committee why you did not do so after this promise of yours?—I never make any communications to the Comptroller and Auditor General personally, but his officers are stationed at the Arsenal, and it is inconceivable to me that they do not know what is going on.

1585. They would scarcely know what was going on in a committee of which they were not members, unless it was communicated to them?—They could see the effects, the changes operating in the shops.

1586. What was suggested was a conference of your committee with a representative of the Comptroller and Auditor General?—Yes.

1587. You said there was no objection to that?—Quite so.

1588. In fact you seemed rather to jump at the conclusion because you were so eager to work with the Comptroller and Auditor General?—Quite so; so I am now.

1589. But when you introduced alterations which were calculated to facilitate his work, you did not communicate the fact to him or to his representative?—No.

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

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General Observations—*continued.*

Mr. *Arthur O'Connor*—continued.

1590. When Mr. Knox was giving his answers to the Committee last May about these books, the use of which appears to have been modified in March, you were present, were you not?—Yes.

1591. You did not qualify his evidence or explain it in any way, so far as I can see?—No, I do not think I did.

Mr. *Alpheus Morton.*

1592. (To Dr. *Anderson.*) Do I understand that the Report of the Departmental Committee dealing with this point was dated the 2nd of August 1894?—Yes, that is the date of the Third Report.

1593. Had these changes which have been spoken of, that is the abolishing of these books, taken place before that time?—The changes were going on continually.

1594. Do I understand that these alterations which Mr. Knox has said were made when he was giving his evidence were made before the Report of the Committee?—What Mr. Knox was alluding to is this: that at the suggestion of the Comptroller and Auditor General we tried to work the Gun Factory, or a portion of it, on that system of piecework ledgers, and it absolutely broke down; we could not get balanced piecework ledgers; and to that extent the books were abandoned.

1595. Was it abandoned before the Report of your Departmental Committee?—Yes.

1596. Do I understand you to make these alterations and do not give any intimation to the War Office?—Except in the form of a report now and then.

1597. Did you make these alterations which Mr. Knox has told us were made while he was giving his evidence without having informed the War Office when you made them?—Yes.

1598. Can you tell me how it was Mr. Knox did not know of it?—I did not inform him.

1599. Will you tell me why?—I did not know that I was called upon to do so.

1600. Is it not the ordinary practice when you make alterations to inform the Department?—Not in this case; we have made so many alterations of various degrees of importance.

1601. Do you not see how Mr. Knox gets misled in giving his evidence through that omission to keep him informed of changes?—I do not think he was very much misled.

1602. Did you not hear him say that when he gave his evidence last year he did not know these alterations had been made?—They were very minor alterations, because they were alterations in degree of a system which still to some extent exists now.

1603. It is a fact, is it not, that these three books which are described on page 263 as "Piecework Ledgers of the Royal Gun Factory," "'Details' of the Royal Carriage Factory," and "Semi-manufacture Ledgers of the Royal Laboratory," have been abolished, as the Treasury letter states?—No, it is not.

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General Observations—*continued.*

Mr. *Alpheus Morton*—continued.

1604. You say that statement of Mr. Ryder's in letter B. 1 is not correct?—It is not correct; I mean to say that they exist in various forms in some part of the factories: they never were universal, they never were balanced, and they never formed part of the accounts. They were merely departmental details for facilitating the watch of the foremen over the work as it goes along.

1605. But Mr. Ryder, who signs the Treasury letter of the 28th December, speaks of "the sudden discontinuance of the following books at Woolwich Arsenal without their being balanced at the close of 1893-94," and then follow the three books I read out; were they discontinued or not?—I suppose that must allude to the attempt which was made at the Gun Factories to carry out the Comptroller and Auditor General's wishes.

1606. I am speaking of particular books; it does not matter whether they were Gun Factory books or anything else. I am speaking of the books referred to in this letter, because of course we are obliged to go by these letters which are before us. I want to know whether the statement in that letter that these books were discontinued is correct or not?—I do not think it is correct.

1607. Did you hear about the desire of the Public Accounts Committee last year that there should be a conference?—Yes.

1608. When did you hear of it?—When I was present here last year.

1609. How soon did you get the knowledge that we had reported in favour of it?—I am afraid I cannot tell you that. I suppose it was soon after the Report was printed.

1610. You would see the Report?—Yes.

1611. Did you take any steps to bring about a conference?—It really was not my province to do so.

1612. Are you aware that the Treasury made a Minute on the 18th of October with regard to various matters?—I did not know it.

1613. You did not get copies of this Minute?—I might get a copy of it, but I do not know that I read it.

1614. Have you got the Papers before you; it is referred to on page 257?—Yes, I have read it all now.

1615. Do you agree with the Comptroller and Auditor General that these books properly kept are necessary for a complete audit?—I think they would make a very complete audit if you could keep them.

1616. Then why discontinue them?—I should not be justified in spending the money that it would cost to keep them.

1617. Let me draw your attention to what the Treasury say in their Minute dated the 18th of October 1894; they expressed themselves "prepared to give their best consideration to any moderate proposals of expenditure upon improvements [illegible]. Have you considered that Minute?—Yes.

1618. The Treasury did not object to a moderate expenditure of money upon improvements

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

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Mr. *Alpheus Morton*—continued.

ments of system?—I do not know what they would call a moderate expenditure.

1619. Has the question been considered with the view of carrying out our recommendation, having regard to the increased expenditure which the Treasury said they were willing to consider?—I have been at the trouble to calculate what it would cost to carry out piece-work ledgers, for instance, in the Small Arms Cartridge Factory, and I find that to carry out piece-work ledgers for the bullets alone would cost 7,000*l.* a year.

1620. Has that been reported to the Treasury?—No.

1621. Or to the War Office?—No, except in conversation with Mr. Knox.

1622. I understood you to say just now that you were eager to arrange with the Comptroller and Auditor General so as to come to a better system?—Yes.

1623. You said you were eager to do so last year, did you not?—Yes.

1624. And you say so now to-day?—Yes.

1625. But 12 months have elapsed, and nothing has been done?—Yes.

1626. Except the actual discontinuance of the books?—I do not admit that.

1627. But you admit, do you not, that something has been done in the way of change?—A great many changes have been made.

1628. You say that the books were not discontinued altogether; that is your statement?—Yes.

1629. If you were eager to agree 12 months ago with the Comptroller and Auditor General so as to get some system which he thinks would be as near perfection as possible, were you not going on very slowly at it?—It is not my province to make these arrangements.

1630. But you were chairman of this Departmental Committee?—Yes; but it would rest with the Secretary of State to make arrangements of that kind.

1631. (To Mr. *Ryder.*) With regard to the Treasury letter of the 28th December you have heard Dr. Anderson say he does not agree that these books have been discontinued; have you anything to say as to that?—I should like to say that the statement that they had been discontinued was based upon the letter from the Comptroller and Auditor General, dated 25th October 1894; he reported that they had been discontinued; we were extremely surprised, and we wrote to the War Department for an explanation. The first answer from the War Department will be found on page 263, letter C. 1, dated the 9th January 1895. It will be seen that they in no way disputed the statement of the discontinuance of these books. They acknowledge the receipt of our letter "on the subject of the discontinuance of piecework ledgers and other analogous records at Woolwich," and then they say, "Early in 1894 that Committee" (that is, the Committee of which Dr. Anderson was chairman) "arrived finally at the conclusion that these books were useless and

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Mr. *Alpheus Morton*—continued.

should be discontinued." Then they go on to say, "In pursuance of this established practice" the Director General of Ordnance Factories "decided before the close of the financial year 1893–94 not to base the preparation of the accounts of that year on these records, and consequently not to incur the useless trouble and expense of completing them. This decision was arrived at and carried out before the Public Accounts Committee of 1894 had approached the consideration of the subject." I am unable to reconcile that letter with Dr. Anderson's evidence.

1632. According to that letter it is pretty clear that the books had been abolished before this Committee met last year?—The letter says, "Before they had approached the consideration of the subject;" I presume it would be even before the first meeting.

1633. Then, with regard to the proposed conference, can you give us any further information; you heard me refer to the Minute of your Department of the 18th October 1894, did you not?—The Treasury supported the Committee in recommending a conference. I think the Treasury would still advocate such a conference.

1634. Is a copy of this Minute sent to all the officers concerned?—Several copies are sent to the Secretary of State for War, and the Secretary of State distributes those copies as he sees fit.

1635. Then, I suppose, your opinion is that if the view of the Committee and the Treasury had been carried out, the conference ought to have been held before now?—I should explain that the recommendation of a conference was made when the Committee and the Comptroller and Auditor General and the Treasury were all unaware of the real state of affairs, and when we all became aware of the extraordinary misapprehension that we had been under, I think our common feeling was that it would be better to lay the facts before the Public Accounts Committee before taking any action.

1636. That was in January, as I understand; having then discovered what had been done previously, you thought it was better to lay the facts before the Committee?—In order that the Committee should express their opinion on the course of procedure that had been adopted by the War Department.

1637. (To Mr. *Knox.*) With regard to this letter which Mr. Ryder has referred to, may I ask how is it that you, when giving evidence before this Committee last May, did not know anything about this letter?—In the absence of the honourable Member, I think I have given an explanation on that point.

1638. I was present when you said you were not aware that the books had not been discontinued when you gave your evidence?—The Third Report of the Departmental Committee, in which this matter was reported to the War Office, deals with it *in extenso*, and that was the first intimation I had of the fact that the Committee were strongly of opinion that these books

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General Observations—*continued.*

Mr. *Alpheus Morton*—continued.

should be discontinued as part of the account. Even then I was not aware, or should not be made aware, that they had been discontinued, because it rests really with the Director General of Ordnance Factories to put into operation from time to time these decisions of the Committee, so far as he thinks it advisable that they should be put into operation.

1639. Are you not made aware of the decisions of this Departmental Committee before you give evidence before us?—I only receive information of the decisions of the Committee through their reports.

1640. How does it come about that your officer Mr. De La Bère, writing from the War Office to the Treasury, says that all these alterations were made before the Committee considered the matter?—That is before the Public Accounts Committee considered the subject.

1641. That having been done, I want to know how it was that you were not made aware of it before you gave your evidence?—Because it was not necessary that I should be made aware of it. Under the Secretary of State's instructions it rests with the Director General of Ordnance Factories to put into operation such alterations as the Committee may recommend from time to time for the improvement of the accounts with factories; and they are only reported to me as recommendations as these reports come up periodically.

1642. Is it not very unfortunate that you should give evidence upon facts that have not been brought to your knowledge?—It certainly was unfortunate that I was not fully informed upon this point, because it has led to this misunderstanding.

1643. It is not fair to yourself, is it, that you should not be informed of any change in good time?—It is obvious as the result shows that it would have been better if I had been informed of the action that had been taken.

1644. I do not know whether you have any special knowledge of the matter, but do you think this system of accounts with these piecework ledgers, and so on, ought to be kept up?—I certainly think not.

1645. You do not think these accounts are necessary so far as your knowledge goes?—Certainly not.

1646. I gather that you still think that a conference ought to be held?—I think so.

1647. (To Sir *C. L. Ryan.*) I suppose you still think that these accounts ought to be kept, and to be kept properly as suggested by you?—I think that the object in view should be arrived at; I do not pretend to express an opinion authoritatively upon a point of detail which I have not looked into, and I do not say that these particular books need necessarily be kept up. I understood last year the point in consideration was whether these books should be extended or kept up or not, and whether that was the best method which could be devised of obtaining the desired result. That, I understood, was the object of the proposed conference.

1648. If you do not keep up these books you want some other system?—Something or other must be done to arrive at the desired result. What is to be done in order to arrive at the result is a matter I do not undertake to express an opinion upon at the moment.

1649. You still think something ought to be done?—Certainly.

Mr. *Buchanan.*

1650. (To Mr. *Knox.*) When were these books actually discontinued?—I cannot inform the honourable Member. As I understand, "discontinuance" is not the proper word to apply to them; it should rather be "discontinuance as part of the account."

1651. (To Dr. *Anderson.*) When were these books discontinued as a matter of account?—They never were part of the account. In the Gun Factories we made an attempt to balance these books; a ledger necessarily means that expenditure and receipt must be balanced, and it was impossible to do it, and the books never were properly balanced.

1652. But down to 1893–94 they had been balanced as part of the account, had they not?—No, never.

1653. Will you look at page 263; the second paragraph of the War Office letter, C. 1, says, "The subject of the utility of these books has been long and carefully considered by the Departmental Committee on Factory Accounts, and early in 1894 that Committee arrived finally at the conclusion that they were useless and should be discontinued;" do you dispute that?—Not at all. The attempt that was made to use them for account purposes was discontinued.

1654. When was that?—At that time.

1655. January 1895 is the date of the letter?—It was some time early in 1894, I think, that the attempt was discontinued. In this Report of the Departmental Committee which has been referred to we pointed out that they could not be used for that purpose.

1656. That Report was only issued in August, but I understand you to say that the system had already been discontinued in the early part of 1894?—Yes.

1657. Several months before the evidence that has been referred to was given before this Committee?—Yes, it was still being discussed and talked about. Throughout May of that year the Departmental Committee discussed the matter several times. We were anxious, if possible, to carry out the wishes of the Comptroller and Auditor General, but it was found to be impossible.

1658. But you told us, a short time ago, that the recommendation of the Departmental Committee had been carried out in the early part of 1894?—I said that we then abandoned the attempt

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attempt to make use of these books as part of the accounts.

1659. And yet Mr. Knox, who was giving evidence upon this subject before this Committee in May last year, was not informed of the fact?—These books never had been established as part of the accounts; it was only the attempt made to do that that was discontinued.

1660. But the keeping of these accounts was a substantial part of the means of audit of the accounts, as I understand. We were discussing the subject of audit before this Committee, and Mr. Knox, who was representing the War Office, and giving evidence upon the subject, omitted a substantial part of the necessary evidence to be given to this Committee, and I understand you were by and did not correct the omission?—I do not think Mr. Knox knew there was any attempt being made to make the books a portion of the accounts, and therefore he would not be informed that the attempt was abandoned.

1661. You were present at the time, and you did not inform us of that, did you?—No.

1662. How is it possible for the Committee to arrive at any substantial conclusions upon the suggestion of the Comptroller and Auditor General with regard to audit, when we cannot get full evidence from the officers representing the various Departments?—This was a matter in an experimental stage. We have tried and abandoned many things, and this did not strike me as being more essential to the accounts than many other things we have tried and abandoned.

1663. You stated in your evidence last year, and again to-day, that you have always been strongly in favour of having a conference in order to arrive at a proper system of auditing these accounts?—Yes.

1664. How was it that even the reports of this Departmental Committee were not communicated to the Comptroller and Auditor General?—I cannot answer that; that is not within my province.

1665. (To Mr. *Knox.*) Can you say how that is?—These are the Departmental Committee's reports, and they had not been accepted by the Secretary of State finally; he had only received the reports, and had come to no decision upon them.

1666. Would you not consider them as bearing upon the subject of making a more efficient audit?—Yes, they doubtless would bear upon the subject; and if they had been finally accepted as the system to be adopted they might then have been communicated to the Comptroller and Auditor General, but we had no intention of doing so until they had been thoroughly tried and accepted as the system to be adopted.

1667. We have been having this question before us certainly for two years past, and we have on each occasion received statements that you are in favour of getting conference and co-operation with the Comptroller and Auditor General, and yet we find that the Committee is not put

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Mr. *Buchanan*—continued.

fully in possession of the facts, and the Comptroller and Auditor General is never informed of the reports of this Departmental Committee?—The reports of the Departmental Committee were not in a position to be laid before this Committee; even this third report dealing with this matter has not yet been accepted by the Secretary of State. We are setting to work to the best of our ability to set the factories in order in a manner that will meet the views of Parliament and the public. The system of factory accounts is a very large and complicated one; there is hardly a factory in the kingdom that keeps its accounts in the same way; and these matters being so complicated have been put in the hands of this Departmental Committee. They have tried these methods and having tried them have given them up and have tried an alternative. The Secretary of State has declined to give any final decision upon any one of these recommendations, because he believes that the whole thing, until completely worked out, must be tentative, but he wishes that what the Committee recommend should be put into operation from time to time, at all events, experimentally. Therefore we are not in a position to report this to the Comptroller and Auditor General as what has been finally settled as the system which will be adopted. We have now communicated this report to him because of this squabble that has arisen, and he has been made aware of it, but not as representing the final decision come to by the Committee itself, or by the Secretary of State.

1668. Do you think there is any use in having a conference between the War Office and the Comptroller and Auditor General?—It having been discovered that they are so diametrically opposed as to their views of what is right and convenient in this matter, I think at this stage it would be advisable that we should have a conference.

1669. Although, as I understand, you are not prepared to submit any proposals to him. I gathered from your evidence a moment ago that the reason you had not communicated the reports of this Departmental Committee to him was because you were not in a position to make any recommendation?—We are not in a position to make a final recommendation, but, of course, if we could hit upon some system which the Comptroller and Auditor General will accept, and which we can accept too, it would clear the way with regard to this very important point very much. I certainly think a conference would be very advantageous. I am not sure that the Committee and the Comptroller and Auditor General really know each other's mind with regard to this matter.

1670. You would agree, I presume, that there are objects to be obtained in the way of audit such as are referred to in paragraphs 6 and 7 of the Comptroller and Auditor General's Report; and that, to use his own words, it is necessary to consider whether the scheme of accounting which

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satisfies "the requirements of a Parliamentary audit" is necessary to be obtained?—We quite understand the point of view from which he wishes to look at these accounts, that he is bound to look after the interests of what are called our customers and so on in the audit which he wishes to impose; but we are not agreed as to the method which he recommends for carrying it out; we think that it is not effective, that it is extremely costly, and that the effect of it would be so slow that the accounts would never practically be rendered.

1671. Would you agree that although these accounts which have been discontinued might not be much use for the purposes of the official audit, they might have been valuable and might be valuable for the purpose of what he describes as a Parliamentary audit?—No; I do not think so.

1672. That is a question capable of discussion at any rate?—Quite so; I think in theory the idea is most complete, and my own people, as I said, were quite in love with the idea at first; but when they found it was impracticable and most costly they decided that they could not possibly pursue it. They came to the conclusion that it would be a machinery rather for the discovery of defects or mistakes a year after their occurrence, and that such a method, giving only that power without the means of discovering when the mistake took place, or what the mistake was, would be useless. We want to establish a system which will prevent mistakes occurring, and enable us to detect them when they do take place.

1673. If you held such a strong opinion as that, surely it ought to have been communicated to the Comptroller and Auditor General when these accounts were discontinued?—I may point out that when these accounts were limited from audit purposes (for that is a more correct term than to say that they were discontinued), methods were being adopted which were to bring about the effect I have just described.

1674. (To Sir *C. L. Ryan.*) You stated, as I understand, that in your view these accounts might be of substantial value for the purposes of your audit?—I think there is no doubt they were of great use to us in our audit, although they were not completed, and we thought if they were completed they would give us a perfect check. The question of whether or not this is the best method of obtaining the result is one which, as I said before, I have a perfectly open mind upon. It may be that some other method may be arrived at which will be less costly and more easy to work; but certainly I am not prepared to forego the statement that these records when they were balanced were of real use to us in auditing, and that the change which has been made is a substantial change. The books were delivered to us in a balanced shape, and they have now ceased to be balanced, and will, I suppose, be discontinued for any purpose that could be of use to us in audit. That is really the substantial change that has been made, and it is not a mere small transfer such as Dr. Anderson seems to think. We think it is a substantial loss in audit. At the same time I do not say that this is the only method by which the result could be arrived at.

1675. (To Mr. *Knox.*) If any conference takes place between the Comptroller and Auditor General and the authorities at the War Office amongst the subjects they could discuss would be the revival or the maintenance of these accounts?—Certainly.

Sir *Arthur Hayter.*

1676. (To Dr. *Anderson.*) Are you satisfied with the present system of accounting in this Department which you sketched in part to us just now?—I am not altogether satisfied yet.

1677. Then it is all tentative at present, is it?—In great measure it is.

1678. If you had a conference with the Comptroller and Auditor General you could explain the present system, and the system that has been partially abandoned and compare the two?—Yes. We have now a system which we think is really workable, and I think it would be desirable that the Comptroller and Auditor General should know what it is.

1679. Your Department and the War Office, so far as you know, are all agreeable to the holding of a conference?—I should think so.

Chairman.

1680. (To Sir *C. L. Ryan.*) Before we leave this topic, may I ask you, after hearing all the evidence of Dr. Anderson, do you adhere to the explanation that these books have been discontinued practically and virtually?—So far as audit purposes are concerned, yes.

1681. Upon that point your evidence is absolute?—I think that they have been discontinued so far as audit purposes are concerned.

Mr. *Alpheus Morton.*

1682. (To Dr. *Anderson.*) Do not you think when you were giving evidence last year you ought to have informed us that these accounts had been discontinued?—If I had known that you had wanted the information I would have told you how matters stood.

1683. You have, I presume, read these remarks at page 258 of the Comptroller and Auditor General's Report: "It thus appears that the system that was discussed had actually been abolished at the time that it was engaging the attention of the Public Accounts Committee"?—I certainly did not look at it in that light. I did not think I was controlled in any way in any change that might be thought necessary by the Departmental Committee in the account-keeping at the Arsenal.

1684. Is

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

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General Observations—*continued.*

Mr. *Alpheus Morton*—continued.

1684. Is it not unfortunate that we should have been discussing a system which had been abolished?—It really was not abolished at the time.

Sir *John Hibbert.*

1685. Was not it the fact that although these books had been discontinued the matter was still under the consideration of your Departmental Committee?—Yes.

1686. They had not reported at that time?—No.

1687. Therefore it would have been very awkward for you to have stated that the matter had been dealt with and settled before the report of the Departmental Committee?—Yes. I am not quite sure that we have actually abolished these ledgers altogether now. For some purposes, for instance, for heavy work, where the numbers would be very few, and the work is finished in a short time, they would be applicable still, and I am not prepared to say we have abolished them for that purpose; but I say there is no one system that is applicable to everything in the Royal Ordnance Factories. You have to adapt the system to the requirements of the work. When you are dealing with things that you make at the rate of a million and a half a week, it is clear that all question of counting is at an end. To take, for instance, a million and a half cartridges with 52 operations in each cartridge, I have made a calculation that to do the counting involved in those operations would cost 20,000*l.* a year. That is the kind of thing you must have a different system for, a system that will not be absolutely accurate, but will be sufficient for the purposes of control. Perhaps I might be allowed to put in the Minutes of the Departmental Committee, to show that we were still considering this question of piecework ledgers on the 8th of May and again on the 29th of May; so that it is not correct to say that at that time we had abandoned all discussion on that subject.

Mr. *Alpheus Morton.*

1688. Is the letter of the War Office wrong when it says that they were abandoned early in 1894?—The attempt to make them part of the account was abandoned, but the use of them for certain purposes was not abandoned.

Mr. *Buchanan.*

1689. For the purposes of audit, which is the substantial point we are concerned with here, they were abandoned?—Yes.

Mr. *Arthur O'Connor.*

1690. You were aware that this Committee had to consider this matter last year?—They asked questions about it.

1691. You saw their Report, I presume, to this

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General Observations—*continued.*

Mr. *Arthur O'Connor*—continued.

effect: "Your Committee see no alternative but to be content with urging Dr. Anderson and his Committee to use all possible expedition in conference with the Comptroller and Auditor General"?—Yes.

1692. That Report is dated the 11th July 1894?—Yes.

1693. The Third Report of your Committee, which dealt with this point, did not come out till three weeks after that?—Yes.

1694. But you rendered the Third Report of your Committee without any conference at all with the Comptroller and Auditor General?—Yes; but I think it is fair that I should explain that I have been always under the impression that the Comptroller and Auditor General through his officers stationed at the Arsenal was perfectly cognisant of all that was going on, though no formal reports were made to him.

1695. The words of this Committee's Report last July were, "Your Committee see no alternative but to be content with urging Dr. Anderson and his Committee to use all possible expedition in conference with the Comptroller and Auditor General." Does that language appear to you to be ambiguous?—Not at all.

1696. What did you do to comply with it?—I am afraid I did nothing; it was not really within my province to bring on the conference; it was for higher authorities to do that.

Mr. *Alpheus Morton.*

1697. (To Sir *C. L. Ryan.*) Dr. Anderson has told us that he was under the impression that through your officers stationed at the Arsenal you are perfectly cognisant of all that goes on; are you or your officers made acquainted with all these changes that go on there?—Certainly not. The fact of my officers being there does not give me the knowledge that Dr. Anderson seems to think it would. When changes are made, if they are not communicated to me officially, I do not know of them; and it was not, as this correspondence shows, until October that I became aware of the change in the form of these accounts, and, as soon as I became aware of it, I wrote the official letter of the 25th October which appears here asking whether the representations made to me were correct.

1698. What do you call an official communication; do you mean a letter from the War Office or a letter from Dr. Anderson?—It would come through the War Office.

1699. Could any means be adopted whereby you could get a knowledge of these changes sooner?—I do not know. It would rest with the Department.

1700. (To Mr. *Knox.*) May I ask whether an alteration could be made whereby the Comptroller and Auditor General could be informed sooner of these alterations?—There has been some hesitation as to communicating matters of

1 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

Army (Ordnance Factories) Account.

General Observations—*continued.*

Mr. *Alpheus Morton*—continued.

this kind because, as I have explained, none of these changes are final changes; they are experimental changes, groping, as it were, towards a system which we hope will be as perfect as things of that kind can be made.

1701. Would it not be wise to let the Comptroller and Auditor General watch these experiments?—We supposed he was watching them.

1702. You understand now, do you not, that he did not and could not know of them?—The Comptroller and Auditor General cannot see everything that goes on, he has only a comparatively small staff. But certainly, where any change is being made which it is thought he would like to watch, it would be advisable to let him know that such a change is being made.

[The Witnesses withdrew.

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General Observations—*continued.*

Mr. *Alpheus Morton*—continued.

Wednesday, 8th May 1895.

MEMBERS PRESENT:

Mr. Buchanan.
Sir John Gorst.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Arthur O'Connor.
Mr. Philip Stanhope.
Sir Richard Temple.
Mr. Thornton.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893-94.

Sir CHARLES LISTER RYAN, K.C.B., and Mr. GEORGE L. RYDER, C.B., called in; and Examined.

Sir GERALD FITZGERALD, K.C.M.G., called in; and Examined.

CLASS I.

On VOTE 12.

PETERHEAD HARBOUR.

Chairman.

1703. (To Sir *Gerald FitzGerald.*) IN paragraph 1 of the Comptroller and Auditor General's Report it is pointed out that out of 27,660*l.* granted only 18,485*l.* has been expended, leaving a difference of 9,174*l.*; and the "explanation" of this difference is to the effect that the under expenditure is due to rough weather and to non-delivery to certain plant. But the Comptroller and Auditor General thought it desirable to obtain a more precise statement as to the outcome of the Sub-Head, and he goes on to say that the correspondence between his Department and the Admiralty is not yet complete, but he hopes more detailed information may yet be forthcoming. May I ask whether you are now in a position to give that further information, and, if so, what it is?—We furnished the Comptroller and Auditor General on the 7th of February last with the explanation given by the engineers, Messrs. Coode, to this effect: "In estimating the expenditure for each financial year the progress likely to be made with each section of the works is estimated as closely as practicable, and the value thereof is worked out at rates arrived at by experience, without directly separating labour from materials. That the expenditure on labour remained at about the average of former years, notwithstanding the total under expenditure, would be largely accounted for by the fact that, owing to the non-delivery of the crane, and the consequent impossibility of utilising the grab, work on the barge harbour was carried on as far as possible by divers. The surplus of 9,174*l.*, including an under expenditure of 2,084*l.* for the breakwater, and 6,505*l.* for the barge harbour. With the experience now gained, it is evident that the estimate that one-half of the barge harbour could be completed in 1893-94 was too great, although the surplus would have been much less had the crane been ready for work by the date expected. The expenditure on the breakwater was reduced owing to a long continuance of rough weather.

Chairman—continued.

1704. (To Sir *C. L. Ryan.*) Have you any remarks to make upon that explanation?—I have no remarks to make upon the explanation now offered.

1705. Does it seem to you to be sufficient?—It practically admits that the estimate was too high; which was what was intimated in the Report.

1706. (To Mr. *Ryder.*) Have you anything to remark upon the point?—I do not think the Treasury would have any remark to make.

Mr. *Arthur O'Connor.*

1707. (To Sir *Gerald FitzGerald.*) I do not know how far that statement could be taken to explain how it is that the remains of "materials" on the 31st of March 1893, as compared with the 31st of March 1894, show a reduction of stock to the extent of nearly 2,000*l.*?—Messrs. Coode have also explained that the reduction in the value of the stock of materials is due to the loss of 318 tons of cement at sea (valued

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Sir G. FitzGerald, K.C.M.G. [*Continued.*

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 12.—Peterhead Harbour—*continued.*

Mr. *Arthur O'Connor*—continued.

(valued at 500*l.*), which could not be replaced; and to the use of timber and permanent way materials in constructing the barge harbour staging. As the use of this latter material was, however, contemplated when the estimate was framed, it has no bearing on the cash surplus of 9,174*l.*

1708. (To Sir *C. L. Ryan.*) Would a loss of material to the value of 2,000*l.* necessarily come under the notice of your auditors?—Yes, I think it would.

1709. Did this loss come to your knowledge before the explanation now afforded?—No, it did not.

1710. (To Sir *Gerald FitzGerald.*) How is it that the Comptroller and Auditor General was not furnished with any information until this last explanation with regard to this item of 2,000*l.*?—I am not aware whether the engineers would consider themselves bound to explain such a thing as that.

1711. What guarantee is there that any substantial loss of stores would necessarily come before the Comptroller and Auditor General?—I do not know in what way it would come before him. I do not know whether he examines the stock accounts.

1712. There is something to be desired, as it appears, in the system of check?—(To Sir *C. L. Ryan.*) The Store Accounts of 1893-94 do not disclose any loss of the kind; so that we should not be able to ascertain the fact.

1713. (To Sir *Gerald FitzGerald.*) Can you account for the fact that the Store Accounts do not disclose this loss?—I cannot; because we are entirely in the hands of the engineers upon the subject. I should have thought it would have been brought to the notice of the Comptroller and Auditor General.

1714. (To Sir *C. L. Ryan.*) Should we have it in the ordinary course in a later stage from a Report of your own?—If it occurred in the year 1894–95, which we are not dealing with, you would; if it occurred in 1893–94, as we did not ascertain it, and did not see it in the accounts, you would not.

Sir *John Gorst.*

1715. Might it not occur in one year and be brought to account in the next?—It ought to be brought to account in the year in which it occurred, of course. It is suggested to me that what happened in this particular case was that the ship went down with the cement on board, and that it was never brought into the Store Accounts at all. In that case of course we should not know it from the account before us.

Mr. *Arthur O'Connor.*

1716. (To Sir *Gerald FitzGerald.*) Was it or was it not paid for?—I presume it was paid for.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 12.—Peterhead Harbour—*continued.*

Mr. *Arthur O'Connor*—continued.

We have nothing but the cash transactions in this case; we have nothing to do with the stock of stores, or the works, or anything of that kind; that is done entirely through the Director of Works.

1717. What Director of Works do you mean?—The Director of Admiralty Works. The money is obtained from the Treasury, but we supervise the works.

1718. Then this item ought to figure in the accounts of the Admiralty?—It will figure in some shape or other in the accounts of the Admiralty. It will be as stores paid for if we were bound to pay.

1719. (To Sir *C. L. Ryan.*) Can you say whether there is, in the accounts of the Admiralty for this period, any reference as to this loss of stores?—In the accounts of 1893–94 there is no reference to it, but I am not prepared to say whether in 1894–95 something may not be taken. In any case there ought to be a note on the account showing that it was practically a nugatory payment.

1720. At all events it will not be lost sight of now?—I think after what has passed it will not in any case.

Sir *John Hibbert.*

1721. (To Sir *Gerald FitzGerald.*) I suppose a great deal depends upon the weather as to the amount of work which can be done within the year?—Certainly, a great deal.

1722. In the year 1892–93, when a similar explanation was given, was the weather the cause in that year of its not being carried out fully according to the estimate?—That I cannot say. But the difference was very small; it was only 1,300*l.*

1723. Still there was a difference?—There was a difference.

1724. With respect to the stores that were lost, would not the stores be paid for after delivery and not before delivery?—That entirely depends upon the agreement made between the contractors and the shippers.

1725. I suppose they would be insured, would they not?—If it were purchased by the Government, and had become their property, it would not be insured.

1726. But if they were purchased by the contractor there is no doubt he would insure them?—Certainly. [*Note.*—I should add here that since the meeting of the Committee I have ascertained that the cement lost (valued at 500*l.*) was shipped at the risk of the contractors, and that no expense in connection with it will fall on the Vote for Peterhead Harbour.]

[Sir *Gerald FitzGerald* withdrew.

ARMY (ORDNANCE FACTORIES) ACCOUNT, 1893–94.

Mr. Ralph Henry Knox, C.B., and Mr. William Anderson, D.C.L., F.R.S., M.INST.C.E. called in; and Examined.

Royal Laboratory.

Chairman.

1727. (To Dr. *Anderson.*) In paragraph 9 of the Comptroller and Auditor General's Report you will observe he says that in 1893-94 attention was again drawn to certain fellowship shops in the Royal Laboratory, and inquiry was made whether, looking at the time that had elapsed since the question of complete prices had been under consideration, there was reasonable cause for further delay in introducing a more complete system of accounting. To this inquiry no reply has been received. Then the Comptroller and Auditor General goes on to say, "It may be stated that the complete prices which formerly prevailed in the Shell Foundry have now been broken up, with apparently a very considerable reduction in the cost of labour." There seems to arise upon that a question as to why these complete prices need be maintained. What explanation would you give to the Committee upon that point, looking at my question in conjunction with what is stated in paragraph 9?—The complete prices now only include the allowance for waste, for defective work; they include nothing else now; and I do not see how we can do without that.

1728. You think they must be maintained?—The men are only paid for the complete work that they do, and as a certain amount of waste is inevitable, the price covers a certain amount of waste.

1729. But as regards the inquiry of the Comptroller and Auditor General as to whether a more exact system of accounting could not be introduced without delay, to which inquiry he has received no reply, what reply can you give?—A reply to that was sent on the 25th of February.

1730. Can you tell the Committee briefly the substance of that reply?—The answer was, that "where the piece-work prices are paid to the shop for finished work, the men sharing the proceeds in fellowship, it is not considered that any useful object would be attained by paying separately for defective work up to the stage at which it failed. The piece-work price in these cases covers the ordinary run of accidents for the shop, just as any individual piece-work price covers the ordinary run of accidents for the individual workman. The margin for defective work was objectionable where it co-existed with a system of payment of shop operation prices to individual men."

1731. Does that amount, do you think, to a more exact system of accounting, as is desired by the Comptroller and Auditor General?—I cannot quite see how we can have anything more exact; because in work of that kind we cannot tell where the fault lies. For instance, taking

Chairman—continued.

the case of a shell, it may turn out to be a bad casting; the cause may be that the mould was badly made; the core might be badly made, or the metal might be defective, or the method of pouring might be wrong; it is almost impossible to fix the cause on the exact detail of the work.

1732. (To Sir *C. L. Ryan.*) Have you anything to remark upon what Dr. Anderson has just stated?—No; this is a very technical matter in which I do not think I am in a position to add anything at the moment. The reply which has been referred to had not been received at the time the Report was written, and I am not able to discuss it now with any advantage.

1733. You have not been able to consider it sufficiently?—No.

1734. Then, I presume, the Committee cannot press the matter further at the present moment?—No.

1735. (To Mr. *Ryder.*) Have you anything to say upon the point?—No.

Sir *Arthur Hayter.*

1736. (To Dr. *Anderson.*) I suppose, where you can trace any defect to the negligence of a workman, it would be charged against him?—If we could trace it we would; but in most cases we cannot tell what caused the defect.

Chairman.

1737. The last sentence of paragraph 9, in the middle of page 259, runs thus: "As, however, it had been observed that the numbers of articles shown by the manager as defective were in numerous cases in excess of those so recorded by the work-takers, and that they had been reduced accordingly, it would appear that the work-takers' records were not without value. I have, therefore, inquired what check will in future be exercised on the manager's returns, but have as yet received no reply." Has a reply been since sent to the Comptroller and Auditor General?—I have sent it up to the War Office.

1738. (To Mr. *Knox.*) Has that reply been sent to the Comptroller and Auditor General?—It was sent early in April.

1739. (To Dr. *Anderson.*) Will you tell the Committee briefly what the substance of the reply was?—The reply is to this effect: "The application for payment for defective work, is merely an application for authority to manufacture numbers in excess of extracts to replace wasters. The form will be revised so as to make this clear. There is no longer any payment for defective work in the foundry proper, the fellowship being paid an inclusive price for the castings produced. The work-taker now counts the

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Royal Laboratory—*continued.*

Chairman—continued.

defective shells with the foreman and checks the 'defective paper.' This has, however, nothing to do with the payments to the men, and, beyond the information it gives to the Superintendent, only acts as a check upon manufacture in excess of orders."

1740. Does that amount to the exercise of a further check?—I think so. The work-taker who depends upon me makes out a list, and the foreman countersigns it, or *vice versâ;* and so the two must agree as to the quantity of defective work. Then the Superintendent gives authority for making the excess number of castings to replace the defective work so discovered.

1741. (To Mr. *Knox.*) Would the War Office regard that reply as complete?—Yes, I think so.

1742. (To Sir *C. L. Ryan.*) Have you any remark to make upon the explanation that has been given?—I think so far as it goes the check by the work-takers is an improvement; so that as regards the first part of the question it is satisfactory. As regards the further part of the question, I would rather reserve any further opinion until I have had an opportunity for further consideration.

1743. Beyond the check of the work-takers we cannot carry it further at present?—I think not at present.

1744. (To Mr. *Ryder.*) Have you anything to say upon that point?—No.

1745. (To Mr. *Knox.*) Is there anything you wish to present to the Committee upon the whole of this paragraph 9, beyond what has been already said by Dr. Anderson?—I have nothing further to say than that the scheme that has been adopted at the present moment is regarded as a great advance upon the arrangements that were in existence before. It is also a simplification; and it is one of the methods which have been introduced on the recommendation of the committee which has been sitting at Woolwich to consider the methods of establishing proper checks over the expenditure there, and it has been found to work, I understand, quite satisfactorily. The pay which is given to a man who works upon piece-work always includes some margin for defective work; it is acknowledged there must be a certain amount of defective work, and it is calculated that his piece-work pay for the complete work which is accepted, and which is passed, includes some margin to cover a fair amount of payment for defective work. In the fellowship arrangement the same system is pursued. The allowance which is made to the shop does include a certain amount of margin which covers a fair proportion of defective work. The shop only gets credit for the work that is passed as effective, and these payments for wages are only made to the men for effective work. A separate stock is taken of the defective work, which is agreed upon between the foreman of the shop and his check (the work-taker), who decide what amount of defective work shall be brought before the attention of the Superintendent, and he gives orders for the new castings or new materials to be served out to the shop, in accordance with the demand formulated by those two men checking one another for the defective work. But the shop itself gets credit only for the effective work that is produced.

Sir *John Hibbert.*

1746. Is the defective work large or small in extent?—It varies in the different shops; it varies with the character of the work, and the piece-work prices in the different shops are calculated with regard to that variation.

1747. Does that variation average itself from year to year?—Yes.

Chairman.

1748. (To Mr. *Knox.*) In the last sentence of paragraph 11 the Comptroller and Auditor General says that no reply has been received to the query made as to the circumstances of the addition of "indirect" expenditure to the value of articles on which little or no labour (which constitutes the basis of "indirect" charges) had been expended in the factory; have you, since then, prepared a reply to that query?—A reply went on the 3rd of April.

1749. Will you explain the substance of the reply?—This was an error which the Comptroller and Auditor General pointed out, and it will be corrected.

1750. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—The error is admitted, and I have nothing further to say.

1751. (To Mr. *Ryder.*) Have you anything to say with regard to this?—No.

Gun Factory.

Chairman.

1752. (To Dr. *Anderson.*) In the last sentence of paragraph 13 the Comptroller and Auditor General says that he thinks "the important principle that the price charged for any article of manufacture should be based on the amount that it has cost to produce, as recorded in the cost ledgers of the factory, is infringed by this new system of adjusting prices to suit what is supposed to be a proper, but what is not the real, cost, as based on the records of the factory." As regards this infraction of principle, do you admit it, and, if you do not, what is the explanation?—I think it is an infraction of principle, but it is only going to happen once, namely, when we are starting our new base line for our accounts. It arose from the first accurate stocktaking we have had, and it is a matter which, as I say, will not occur again.

1753. (To Sir *C. L. Ryan.*) Have you any remarks to make with regard to the explanation given?—The answer, as I understand, is that this

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

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Gun Factory—*continued.*

Chairman—continued.

this is an isolated act which will not recur. I am unable, of course, to verify that, but if it is not to be taken as an isolated act, then I say it vitiates the whole principle on which the Factory Accounts are based. The system is, of course, that of actual cost, and if one article is diminished in cost in order not to show what is called in the War Office answer an "unreasonable price," another article must have its cost increased, and that vitiates the whole principle, and, in fact, makes insecure and untrustworthy the whole system of the War Office accounting for the factories.

1754. You admit it must be done once in a way, as Dr. Anderson says, as an initial stage for forming a base line, not to be repeated?—I was not aware it had only been done once, because the answer did not lead me to that conclusion. If it is stated that it will never recur, I am glad to hear that the principle will remain right in the future.

1755. (To Dr. *Anderson.*) Do you observe what the Comptroller and Auditor General says, that he was not aware that this was the first time this happened; he seems to apprehend that it may have happened before or may happen again?—I cannot say what happened before, but I do not think it will happen again because we have an accurate stocktaking now which we did not have before.

1756. You do not think it is any good going back upon what has happened before?—I do not think it is any use going back upon what has happened before.

1757. (To Mr. *Knox.*) Have you any remarks to make upon the point?—My experience is sufficiently long to lead me to say that I do not believe the time will ever come when mistakes will not occur, especially in big factories like Woolwich, which is one of the largest in the world. I believe discrepancies will be found, and will have to be met and cleared up from time to time. But it is quite true that we have never, until very lately, had anything like a really satisfactory stocktaking at Woolwich. The factories under Dr. Anderson's charge have now been so arranged, and the work has been so arranged, that a much more accurate stocktaking can be taken now than has ever been made before. In starting this base line, as it is described here, discrepancies as compared with the state of the account had been found, and those discrepancies had to be reconciled in some way, so as to avoid the absolute vitiation of the prices of the articles where a mistake was found. For instance, in one account it will be found there were certain definite articles stated in the book stock account which were found not to agree with the actual stocktaking. Against those the cash value is stated in the stock account. The one should agree with the other, that is to say, the amount of money put down as the value of these articles should represent fairly the cost of the number of

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Gun Factory—*continued.*

Chairman—continued.

articles so recorded; but if it so happens that the number is not in accordance with the actual stock, an adjustment has to take place. If it turns out that the number in stock is in excess of the number given in the account, then the value has necessarily to be altered. For if you divide the recorded cost value by the increased number of articles you get a reduced price, far below what is known to be the actual cost of producing that article. On the other hand, it may be found that the stock is deficient, or below the number that is expected from the book account. Then the reverse takes place, and you would have an enhanced price if you divide this cash value by the reduced number of articles. In order to avoid carrying forward this account by stating in the new account obviously ridiculous figures, either by reducing value far below what it could have cost, or increasing the value far beyond what it could have cost, a system of adjustment has been introduced, and these have been carried forward into the account, the credits balanced against the debits in order to adjust it, and the difference carried to indirect expenditure. The whole object of that is to avoid bringing forward, or starting the new year with, ridiculous prices for the value of the articles carried forward. It is a complicated subject, and I do not know whether I have succeeded in making it clear.

1758. (To Mr. *Ryder.*) Have you any remarks to make with regard to this point?—I believe the Treasury would quite concur in the statement of principle made by the Comptroller and Auditor General. At the same time it is quite possible that the adjustment of prices made by the War Department may have been justifiable in order to remedy mistakes that have been made and will not recur.

1759. So as to form a basis for a new account?—Yes.

Sir *John Hibbert.*

1760. (To Dr. *Anderson.*) Has this adjustment of prices been applied to many items?—No, only to very few. (Mr. *Knox.*) It is really not an adjustment of price; it is to avoid bringing forward from the previous year's account an absurd figure as representing the cost, because either surplus articles or deficient articles are returned in the stocktaking. The endeavour is to avoid departing from what we know to be the real price. If an excess article is introduced it is taken at the last ascertained price of those articles; and the amount is simply written off at the last ascertained price, if there is a deficient article.

1761. It is only exceptional?—Yes. (Dr. *Anderson.*) There are about 20 cases, I find.

Mr. *Arthur O'Connor.*

1762. Do I understand that you have a certain figure representing the value or price?—Yes.

1763. Whatever

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Gun Factory—*continued.*

Mr. *Arthur O'Connor*—continued.

1763. Whatever happens you will not alter that?—Not very largely.

1764. If that figure is arrived at by experience which shows that the article costs 5*s.* to produce, and you find instead of having 1,000 of such articles you have 2,000, do you write them down as 2*s.* 6*d.* articles rather than 5*s.*, in order not to alter your money total?—Strictly speaking, I suppose, that is what we ought to do; but it would upset all the figures. (Mr. *Knox.*) It is to avoid that that this arrangement is made. That is what was done previously, and the Comptroller and Auditor General very properly drew attention to the fact that this reduced the price of an article in one case from 1*s.* 6*d.* down to 1*d.*, and showed the absurdity of it, and in consequence of that absurdity having been pointed out, this change of method was introduced.

1765. Would it not have been simpler and more in accordance with facts had you simply stated that you found you had more articles than you thought you had?—But you must carry the matter forward as a financial transaction; it must be recorded in money value as well as number.

1766. If you found you were to the good 100 or 1,000 articles, you can enter it in your account? That is what has been done.

1767. Without changing the price?—Quite so; but we must change the value.

1768. Call it price or value, as you like; if you had 1,000 articles lying *perdus* for 12 years, and then suddenly lit upon them, you need not alter the value of other similar articles to establish an average?—Neither is that done. These new articles are introduced at the last ascertained price for the cost of producing these articles, and thus you get a number of articles and a corresponding cash value which agree with one another.

1769. Then I do not see what adjustment is necessary, if you continue the last ascertained price and merely admit that you find a certain number of articles?—They are inserted at a certain price.

1770. (To Sir *C. L. Ryan.*) Is that what you understood?—No; I understood that they were actually adjusting the price of the article, and the objection which was raised was one of principle; that is, as regards the charging of the actual cost. If no infringement of principle either has been made or will be made in future, then my paragraph drops; but it was to guard against the possibility of departing from principle that I thought it right to call attention to this particular case.

1771. When you drafted this paragraph you could scarcely have had before your mind the view now presented by Mr. Knox?—No; because in 1892-93 alterations were made in the number of finished articles, but the cost was left as it stood in the cost ledgers. This year the alteration of numbers was followed by an alteration of price. I thought this was an alteration in price. (Mr. *Knox.*) It is an alteration in value of the number of stores merely.

1772. (To Dr. *Anderson.*) Would you say there is an alteration in the price?—The articles would be maintained at the average price; but then the value of the work done being spread over a larger number of articles, some of which have been found, that would, of course, make the apparent price less; and that is the system which is carried on in the manner Mr. Knox has described.

1773. But the total money figure remains unchanged?—No; the money figure would be wrong as compared with the number of articles actually existing.

1774. I am afraid I do not quite follow you yet; you start with a certain total valuation for a certain class of articles?—Yes.

1775. And you find that class to be larger than you were aware of?—Yes.

1776. The average price, ascertained by dividing the total value by the number, is therefore lower than you imagined?—Yes.

1777. Then, to put things right, what alteration do you introduce?—Then we should value the new articles at the average price ascertained from previous experience, and the difference would go to credit or debit of indirects, as the case might be.

1778. Supposing your total money is 100*l.*, and you find you have not 500 but 1,000 articles, would you introduce a new price of 2*s.* for each of your 1,000 articles?—No; the difference between the actual price and the price at which we would show them would be a matter which would be adjusted in the manner Mr. Knox has described.

1779. Take the simple case I put; that you thought you had 500 articles valued at 100*l.*; each of them would represent 4*s.*?—Yes.

1780. Supposing you found you had 1,000 articles, what adjustment do you introduce?—£100 would be the proper price for the articles, I assume.

1781. I know nothing about it; these are the figures I find in your book; 500 specific articles valued at 100*l.* Supposing you discover you have 1,000 articles instead of 500, I ask you what adjustment do you introduce?—If that price is the proper price for the articles the extra 500 would have to go in it at that price.

1782. That would reduce the value from 4*s.* to 2*s.*?—No, they would be all at 4*s.*; but on the other side we should not be able to show that we had spent that money.

1783. Then you would raise your total to 200*l.*?—Yes.

1784. Then your money total would be corrected?—We should have to correct the money total.

1785. I gathered in the first instance that that was the item that would be kept constant?—No.

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ARMY (ORDNANCE FACTORIES) ACCOUNT.

Gun Factory—*continued.*

Mr. *Arthur O'Connor*—continued.

—So it would be. The value of the 1,000 articles would be reckoned out at 4*s.*, that would be the price; and the difference between that and whatever the cost was would be a matter for adjustment.

1786. (To Sir *C. L. Ryan.*) Is that satisfactory to you?—No, I do not think it is; because the total sum of money has to be accounted for, and it is accounted for by stating that certain articles cost that which they did not cost; it does not represent the fact. (Dr. *Anderson.*) That is quite right.

1787. (To Dr. *Anderson.*) At all events the figures representing money are shown now to have been not altogether trustworthy?—No.

1788. And the figures representing stock on hand appear to have been not altogether trustworthy?—No.

1789. So that no part of this account, neither the cash nor the stores, is altogether trustworthy?—That is the consequence of the defective stocktaking at the beginning of that year.

1790. Now that you have a complete stocktaking you think you start afresh with a well ascertained remain?—Yes.

1791. But how about the ascertained values?—The error mostly arise from not having the correct numbers in the stocktaking. Having the correct numbers we can arrive at the cost of the remain pretty accurately.

1792. You have the remain now complete?—Yes.

1793. You propose now to price that remain?—Yes.

1794. What is your standard of calculation; is it the old price list, or is it the ascertained price of production, or is it a combination of the two, or what?—As to valuing the remain, there are various ways of doing it; it is either a mere valuation, or else it is valued from the stage which the manufacture has reached. For instance, if it is an article made by piecework, we know in what stage of manufacture it is, and therefore we know how much has been expended upon it, and in that way the value of the article is arrived at and ascertained by the actual cost of production.

1795. What did you mean by the expression you used just now, "a mere valuation"?—I mean simply looking at it, and saying, "This is worth so much." That is what is done sometimes.

Mr. *Alpheus Morton.*

1796. (To Sir *C. L. Ryan.*) Do I understand that the sentence at the end of this paragraph means that they do not put the actual cost, but a made-up one?—That was what I understood to be the case when the paragraph was written.

1797. Is that more than the actual cost, or less?—It would depend upon the number of articles found in store. To take the illustration that was given just now, if there should be 500 articles, and 1,000 were found, the 1,000 would be valued at 200*l.*, and I presume the 100*l.* over

ARMY (ORDNANCE FACTORIES) ACCOUNT.

Gun Factory—*continued.*

Mr. *Alpheus Morton*—continued.

would go to meet the loss on another article, where we will say 250 only were found, where there ought to be 500. There must be some adjustment of that kind, because you are dealing with a fixed quantity in money, and you must make your stock correspond to the amount of money; therefore, if it is taken off one it must be put on another. That is done, I presume, in the stock-taking. I thought it was done on prices, and the point of my objection was that the prices should be not a matter of calculation, but the actual cost of the particular article. So long as that is maintained I do not want to contend that at first starting (supposing it is not going to happen again) you might not make an adjustment of this sort.

1798. Taking each article, is this adjusted price more than it actually cost?—It may be more or it may be less if you make the adjustment, that is, the adjustment may be either way. If it is more in one case it must be less in the other, because you are dealing with a fixed quantity.

1799. Do you mean that the whole thing is got up to get at a certain end?—An adjustment means an adjustment both ways; that is all I wish to say.

1800. Does this raise the question we had so much before us last year of an independent stocktaking?—No, I do not think it does. It raises the question of accuracy, of course; accurate stocktaking is the basis of the whole thing. If the stocktaking in previous years had been accurate this question could not have arisen.

1801. Subject to any explanation you have heard to-day, you did not, as I read this paragraph, consider this accurate?—I thought the adjustment went somewhat beyond what has been described to-day. I thought it was an adjustment, to quote the words of the War Office, "to avoid showing unreasonable prices for the articles issued to the services." It is now explained that it is a purely stocktaking adjustment, and nothing more.

1802. Are you satisfied that in stocktaking there should be an adjustment of any sort?—I cannot pretend to be satisfied that it should be necessary to depart from the principle in order to make this adjustment; I think it shows great laxity in past times, anyhow.

1803. Stocktaking, you think, should be the actual facts?—I should have thought it should. But of course we are dealing with a very large service here, and there are great difficulties, I quite admit.

1804. You will agree with me that we must not expect it to be absolutely perfect?—Quite so.

1805. Are you satisfied, from the explanations given to-day, that things will go on better in future?—I think the Committee will hear of it if they do not.

1806. I suppose the real remedy for it is what we called last year an independent stocktaking?—The remedy is accurate stocktaking, no doubt.

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Army (Ordnance Factories) Account.

Gun Factory—*continued.*

Mr. *Alpheus Morton*—continued.

1807. You cannot get accurate stocktaking unless it is independent, can you?—I do not know; I am not prepared to say that.

1808. (To Dr. *Anderson.*) What is the meaning of the expression in the middle of this paragraph, "showing unreasonable prices;" what is an unreasonable price?—What is meant is this: supposing in the case of a fuze which is worth, say, 10*s.*, we had by mistake put down 20*l.* as the actual ascertained value, though it only cost 10*s.*, that would be very misleading to those who use the price lists of our manufactory in making the estimates.

1809. Is that what you have been in the habit of doing?—No. I say supposing by error or accident in stocktaking we had discovered we had very much fewer fuzes than we believed, and we had to spread the money over that lesser number, we would on that reckoning have raised the price greatly, and the result would be that it would be very misleading to those using the list in making out the Army Estimates. That is what we wished to avoid. This stocktaking now is a sort of independent stocktaking, that is to say, the stocktaking is taken by the foremen, who are dependent upon the superintendent and the worktakers, who are dependent upon me, and quite independent of the superintendent; so that there is a check upon the amount. We do not restrict the stocktaking to a single day, as we used to do, but in some cases we are two or three days about it, though of course we shorten the time as far as we can, so as not to keep the men out of work.

1810. Has this new arrangement just come into operation?—Yes.

1811. You think it will be more satisfactory to the Comptroller and Auditor General in future?—Yes. We cannot expect not to make mistakes, but I think they will be only very trivial ones.

Mr. *Buchanan.*

1812. We may assume that the old system was not of much value as an accurate stocktaking?—It was not.

1813. I do not quite understand with regard to the future; you stated it was only going to occur once; is not this adjustment to take place every year?—I do not think there will be any very serious mistakes discovered in future.

1814. When you tell us that it will not occur in future years, that is on the assumption that the new system will work absolutely perfectly?—Yes, I think that will be so within reasonable limits; I mean within limits that will not affect the prices much.

Mr. *Mowbray.*

1815. In fact your real reason for believing that no future adjustment will be required is that the stocktaking in future will be accurate?—Yes.

1816. If the stocktaking is accurate then the prices will work out to the cost of production?—Yes.

Army (Ordnance Factories) Account.

Capital Account.

Chairman.

1817. (To Mr. *Knox.*) In regard to the transfer of a certain sum of 5,388*l.* from buildings to land in the Capital Account of the Enfield Small Arms Factory, the sanction of the Treasury had to be obtained, and the Treasury were of opinion that while the Capital Account of the land should be increased to its correct value by the full sum of 5,388*l.* 12*s.* 8*d.* referred to, the capital value of the buildings should be reduced only by the balance of the original over-estimate, which, down to 1892–93, had not been written off on account of depreciation, viz., by about 1,500*l.* Then the Comptroller and Auditor General goes on to say, "This adjustment, as directed by the Treasury, has not been carried out in the present account." Can you explain to the Committee why the direction of the Treasury was not obeyed?—I think it is perhaps going too far to say that the Treasury gave any such direction; in fact, in their letter, they expected that we should not have had an opportunity of adjusting it in this account. It will, however, be adjusted at a diminished amount in the account for 1894–95.

1818. That will be done according to the direction of the Treasury?—It will be in accordance with the principle of the thing, the diminished amount corresponding with the date.

1819. It will be done according to the principle laid down by the Treasury?—Certainly.

1820. (To Mr. *Ryder.*) Is the Treasury satisfied with what Mr. Knox has said?—I think so; I confirm what Mr. Knox says. The Treasury letter is dated the 30th July 1894, and it was supposed to be too late to make the adjustment in the 1893–94 Accounts.

1821. (To Sir *C. L. Ryan.*) Have you anything further to say on this point?—I have nothing further to say.

Mr. *Alpheus Morton.*

1822. (To Mr. *Ryder.*) It says, in paragraph 14, "The sanction of the Treasury appeared to be necessary for the transfer in question;" have the Treasury sanctioned this transfer?—Yes.

1823. (To Sir *C. L. Ryan.*) Is that understood, notwithstanding this remark of yours?—Yes; it is understood that the Treasury have given their sanction to the arrangement. It had not been carried out in the accounts, and therefore I called attention to it. It is now explained that it could not be done within that financial year.

Chairman.

1824. (To Mr. *Knox.*) The last sentence of paragraph 15 of the Comptroller and Auditor General's Report runs thus: "It appears that the productions of the years 1891–92 to 1893–94 have been undercharged by the amount of depreciation due in respect of the buildings in question for those years," the buildings in question being those in which the imperial reserves of gun-stocks and saltpetre are kept; can you inform the Committee whether you concur in that statement?—I do. These imperial stocks of reserves

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ARMY (ORDNANCE FACTORIES) ACCOUNT.

Capital Account—*continued.*

Chairman—continued.

reserves of gun-stocks and saltpetre were held until quite recently by the Director of Artillery as a general store, and not as a portion of the materials of the factories, and under those circumstances no depreciation would be written off. It was only when it was decided that they should become a portion of the factory reserves that any change was necessary.

1825. (To Dr. *Anderson.*) Have you any remark to make on this point?—No.

1826. (To Mr. *Ryder.*) Have you any remark to make upon it?—No.

1827. (To Sir *C. L. Ryan.*) I understand that Mr. Knox admits the substance of what you have stated?—Yes.

1828. You are therefore satisfied, I presume?—I am.

1829. (To Mr. *Knox.*) You will observe the sentence of paragraph 16 runs thus: "The total expenditure upon these furnaces in the year 1893–94 has amounted to 3,931*l.* 1*s.* 7*d.*, of which 3,516*l.* 5*s.* has, as stated above, been capitalised under Machinery (carrying a depreciation of 10 per cent.), while the balance of 414*l.* 16*s.* 7*d.* has been capitalised as Buildings." The Comptroller and Auditor General considered that some explanation was required on the point, but he reports that no reply had been received apparently to some requisition he made at the date of this Report; has such explanation since been rendered?—Yes, a reply has been sent.

1830. (To Sir *C. L. Ryan.*) Have you received that reply?—Yes, a reply was received on the 30th April. I think practically it admits the propriety of transferring the expenditure from Machinery to Buildings, and I need not press the point any further.

1831. (To Mr. *Ryder.*) Are the Treasury satisfied?—I think they will be satisfied if it is transferred.

STOCKTAKING.

Mr. *Alpheus Morton.*

1832. (To Sir *C. L. Ryan.*) You say in paragraph 17 of your Report, "it seems desirable that a larger proportion of stores should be submitted to stocktaking than has been done hitherto"?—Yes, that is my opinion.

1833. Therefore, you are asking now that there should be more stocktaking?—That a larger proportion of stores should be submitted to stocktaking.

1834. (To Mr. *Knox.*) Can you give us any explanation with regard to that?—This refers to a stocktaking which is independent of that which is taken under the auspices of the Director General of Ordnance Factories. It is one that is done practically under me. The stocktaking on our part is not a complete stocktaking, but a

ARMY (ORDNANCE FACTORIES) ACCOUNT.

Stocktaking—*continued.*

Mr. *Alpheus Morton*—continued.

test stocktaking. It takes up various items from time to time. Many of those items may not be valuable but very numerous, and some of them may be valuable, but only in small quantities, and we exercise our judgment as to which, from time to time, will afford the best test as to how things are going on. The amount that is taken varies, and the factories operated upon also vary.

1835. Do you agree with the Comptroller and Auditor General that there should be a larger proportion of of stores submitted to stocktaking?—I can hardly agree with that. I think it should vary from time to time. For instance, at Woolwich the Woolwich stock is represented as practically amounting in value to 274,000*l.*; of that, 204,000*l.* consisted of two items, iron and timber. The miscellaneous articles amount to 70,000*l.* only in value, and it was of those or several of them that we took stock during the year. Last year there was 14,000*l.* out of the 70,000*l.* taken, and this year stock to the amount of 24,000*l.* has been taken. I think as a test of how the stock has been taken, especially when compared with the results which have been satisfactory, that amount is quite sufficient.

1836. You do not think it desirable to carry out the opinion of the Comptroller and Auditor General?—He says that he would like a little more stock taken, and in some years there would be more stock taken in value, and in some years less. For instance, this year at Enfield we have taken stock to the extent of 62,000*l.*

1837. You mean since this paragraph was written?—During 1894.

1838. I was going to ask why there was no test stocktaking either at Enfield or Sparkbrook in the year we are dealing with as stated in this paragraph?—It varies in different years. We may not test some particular factory for one particular year.

1839. (To Sir *C. L. Ryan.*) Do you still hold the opinion that there ought to be more stores submitted to stocktaking?—I am disposed to think that Mr. Knox, while saying he never will consent, has consented, and has shown by the evidence he has given that he has distinctly increased the amount in the last year beyond what was taken in the preceding year. Therefore, I have every reason to be satisfied.

1840. You think it will be better in future?—I think the proportion is higher. (Mr. *Knox.*) Of course Dr. Anderson's stocktaking is continuously going on, but we go over it again as a test. The uncertainty of the visits is, I think, a security for these tests being sufficient for the purpose.

1841. If Sir Charles Ryan is right, you are now applying this stocktaking to a larger proportion of stores than hitherto?—We have this year, 1894–95, tested a larger amount of stores at Woolwich than in the previous year.

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ARMY (ORDNANCE FACTORIES) ACCOUNT.

Stocktaking—*continued.*

Mr. *Arthur O'Connor.*

1842. Have you any idea what it cost you to to make this independent stocktaking in this particular year?—No, I have not seen the cost recently.

1843. Would it be 150*l.*?—I suppose it would be about 500*l.* a year.

Mr. *Buchanan.*

1844. Is it because of the limit of expense that you do not extend the stocktaking to a larger proportion of the stores?—We have thought it sufficient for our purpose.

ARMY (ORDNANCE FACTORIES) ACCOUNT.

Stocktaking—*continued.*

Sir *John Hibbert.*

1845. It is only intended as a test stocktaking, is it not?—Yes, that is all.

Mr. *Alpheus Morton.*

1846. Do you keep a separate account of the cost of this stocktaking?—No.

1847. The figure you stated just now was only an estimate?—Yes.

Mr. *Arthur O'Connor.*

1848. You could easily ascertain, I suppose, how much it cost, taking the number of men for so many hours?—Yes.

ARMY FACTORIES MANUFACTURING ACCOUNTS.

Chairman.

1849. (To Sir *C. L. Ryan.*) In respect to paragraph 43 of the Treasury Minute of the 18th October 1894, on the Second Report of the Public Accounts Committee of that year in regard to the comparison of factory cost with contract prices, I have to ask you whether there has been any further correspondence upon the subject, or whether you have any remark now to submit to the Committee on the point?—I think in order to dispose of this question of the comparison between contractors' prices and the factory prices, it would be well if the Committee would allow me to read a short letter which I have received from the Treasury, which practically closes the correspondence on this subject which the Committee have had before them on more than one occasion. This is a letter of the 26th March 1895, from the Treasury to me:—"Sir,—With reference to Section 43 of the Treasury Minute of 18th October 1894, on the Second Report of the Public Accounts Committee, 1894, the Lords Commissioners of Her Majesty's Treasury direct me to enclose, for your information, a copy of a letter from the War Office of the 14th instant, respecting the publication of contractors' prices, which they understand you to consider essential if you are to compare Government factory cost with that of purchasing from the trade. My Lords fear that, as such publication is held to be inexpedient in the interests of both the trade and Her Majesty's Government, they cannot ask you to institute the comparison." That is the Treasury letter withdrawing their request that the comparison should be made.

Chairman—continued.

1850. Have you any further remark to make upon that?—I have nothing to say beyond the evidence I gave last year on this subject.

Mr. *Arthur O'Connor.*

1851. Is there a similar letter in regard to the building of ships which was a similar question?—It is a similar question, but there has been no similar answer in that case.

ARMY (ORDNANCE FACTORIES) APPROPRIATION ACCOUNT, 1893–94.

STATEMENT OF INCOMINGS AND OUTGOINGS IN RESPECT OF CAPITAL.

Mr. *Mowbray.*

1852. (To Mr. *Knox.*) With regard to the sum of 37,178*l.* which is referred to in the third sub-paragraph of paragraph 2 of the Comptroller and Auditor General's Report, which is to form the nucleus of a capital reserve fund, I do not quite understand that; will it be under the control of Parliament or what happens to it?—This fund, which arises from the surrender of balances

Mr. *Mowbray*—continued.

upon the account from year to year, is available to be spent under the direction of the Treasury, and, supposing any excess to be caused upon the sum voted, it would necessarily be sanctioned by the Treasury and by Parliament.

1853. Then is it not surrendered into the Exchequer?—No.

1854. As

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ARMY (ORDNANCE FACTORIES).

Statement of Incomings and Outgoings, &c.—*continued.*

Mr. *Arthur O'Connor.*

1854. As a matter of fact it is only a paper balance, is it not?—It arises, to a large extent, from the fact of our not spending the full amount which accrues from the depreciation of buildings and machinery, and also it may arise from time to time from the fact of an accidental depletion of stock in a particular year, which has to be made up in the subsequent year.

1855. In those cases there is not money drawn from the Treasury to meet this?—No.

1856. Therefore it is not a fund in cash in your hands, but is only a paper balance which you head "reserve fund"?—It is more or less in our hands, but we cannot use it without superior authority.

1857. Without Treasury authority?—Yes; without Treasury authority, and without showing it upon the account.

1858. That is to say, it is a balance shown upon your account and on the Treasury account as to your credit, although not under your control, which might, when it was convenient, be drawn upon to avoid the inconvenience of special application to Parliament?—Yes.

1859. Is that the object with which it is instituted?—No, I do not think it is.

1860. Why is it instituted?—I do not know. The correspondence with the Treasury is not quite complete upon the subject, but it was really, I think, at the desire of the Treasury that it was instituted.

Mr. *Buchanan.*

1861. A correspondence appears to have been going on between the War Office and the Treasury since 1890?—There has been a correspondence going on. Whenever a balance has accrued upon the account letters have passed between the two Departments on the subject.

1862. That correspondence, you say, is not yet completed?—It practically comes up every year as a balance arises, and they state the condition of the balance and make known how far it remains available.

1863. In what way do you say it would come under the notice of Parliament; would the Treasury Minute sanctioning the expenditure by the War Office come under the notice of Parliament?—No, there would be a deficiency on the estimate.

Sir *John Gorst.*

1864. Supposing you wished to spend part of this balance in renewing some of your machinery, and got Treasury sanction to do so, could not that be done without the sanction of Parliament?—Not if it would give rise to an excess upon the Vote.

1865. Supposing it did not give rise to any excess upon the Vote, could not you spend part of this balance in renewing machinery, and only show it afterwards in your account, and do it without any Vote in Parliament or any Parliamentary sanction?—If it does not give rise to an excess upon the Vote, I think we could.

1866. Although the expenditure had never been contemplated by Parliament and never submitted to Parliament?—Those cases occur constantly, and we could not get along unless there was power with Treasury sanction to money being spent upon things which were not contemplated when the Estimates were framed.

Sir *John Hibbert.*

1867. Does this money exist in cash, or is it invested?—It exists in cash; it is part of our balance.

1868. It is probable, I suppose, that it would be an increasing amount?—It varies; we dipped into it last year, while this year we have money to surrender.

1869. With such a large sum it is better, is it not, that it should be invested in some kind of Exchequer Bills or something of that sort?—We never have invested such funds; I do not know what the Treasury view would be upon the subject.

1870. Having it at the War Office is rather like keeping it in an old stocking, is it not?—Our balances are necessarily very large; this does not swell them very much.

Mr. *Mowbray.*

1871. (To Sir *C. L. Ryan.*) Have you anything to add upon the point?—I should wish to say a word or two upon the subject. I am responsible to a certain extent for having recommended the Public Accounts Committee to depart, in the case of this particular Vote, from the usual principle of surrendering surpluses and voting deficiencies, and I think, having done that, I ought to urge upon them not to approve of the formation of a capital account, by which I understand money may be spent without the direct knowledge and sanction of Parliament, except upon regulations very carefully formulated and laid before them. The correspondence with the Treasury is not concluded, but I do not myself think it would be right to depart from the ordinary rule which governs every Vote of Parliament (and this is a Vote of Parliament; it is an Appropriation Account), and to form a capital account out of the savings of that Vote without the application of those savings being most carefully and rigorously guarded by regulations laid before and approved by this Committee. (Mr. *Knox.*) If I may express my own personal opinion, it is entirely in accordance with that of the Comptroller and Auditor General.

Mr. *Alpheus Morton.*

1872. Is this money put aside anywhere?—It is in the War Office balances in hands of the Paymaster General.

1873. Do I understand that this is made up of savings?—Yes, it is practically savings upon the

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ARMY (ORDNANCE FACTORIES).

Statement of Incomings and Outgoings, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

Ordnance Factories Vote; but these savings, of course, are peculiar. He has a capital which he starts with, and it is impossible to work it up satisfactorily under our yearly system of account (a very excellent system I may say) accurately to the amount of stock which he may have in hand at the end of the year. It is necessary that he should have that stock practically, but if he has not purchased the necessary amount in order to keep up his stock to a given quantity in one year, it is necessary that he should have that repleted in the next year, and this machinery gives an opportunity for working the thing in that way.

1874. But do I understand that you can spend this money on other items that are not mentioned in the Estimates?—Only on the items and Sub-Heads which are mentioned in the Estimates; we can spend it on any of those with the sanction of the Treasury; but we could not spend it on a grant of pay to an official or anything of that kind; it could only be spent upon material, wages, and works actually required by the factories.

1875. You could not create a new Sub-Head?—With the sanction of the Treasury we could.

1876. Without coming to Parliament?—Yes.

1877. You would only require to come to Parliament in case you want more money than this balance?—Yes.

1878. (To Sir *C. L. Ryan.*) Do you think that this is a matter that they ought in some direct way to get the sanction of Parliament for?—I do not say, necessarily, the sanction of Parliament; but I say approval of the regulations under which it is going to be worked certainly, because there is a departure from the law at the present moment. The law is that as regards an Appropriation Account any sum which is not spent should be surrendered, and any sum that is spent in excess should be voted. In this case it is dealt with by means of a token Vote in the case of an excess, but in the case of a surplus the surplus is not surrendered to the Exchequer; and I am responsible to a certain extent, looking to the peculiar circumstances of this Vote, for having advised the Committee not to insist upon the ordinary rule in this case. Therefore I think it is the more incumbent upon me to guard the regularity of the accounts in respect of anything like the formation of a capital account and the dealing with that capital account.

1879. (To Mr. *Ryder.*) What have you to say on the part of the Treasury as to allowing this irregular proceeding to go on?—I do not think the Treasury would agree that it was an irregular system. I think the Treasury would entirely agree with the Comptroller and Auditor General in holding that this accumulation should be very carefully watched. The Treasury is watching it.

1880. Do I understand you do not think that the Comptroller and Auditor General is right in his contention?—I do not think that the Comptroller and Auditor General was absolutely accurate when he said it was a breach of the law not to surrender to the Exchequer any surplus on the Ordnance Factories Vote. I rather think that is going beyond the provisions of the Exchequer and Audit Act.

1881. Is this correspondence still going on between the Treasury and the War Office?—Every year there is a correspondence upon the amount of the capital expenditure, the capital incomings and outgoings of the Ordnance Factories. Every estimate contains a statement of them in prospect, and every Appropriation Account now contains a statement of the actual incomings and outgoings. Shortly, the Treasury would have to decide whether the accumulated surplus capital incomings should be allowed to remain in the hands of the War Department, or be invested or be surrendered to the Exchequer.

1882. Is there likely to be a decision by the Treasury upon that point soon?—I should think within a year or two; it would depend upon the growth of the balance. If the Estimates are realised the balance at the end of this current year 1895-96 will have amounted to 98,000*l.* That will be a very large sum, and I should have thought that the Treasury would feel it discreet to decide by that time what was to be done with the balance, whether it should be invested, or whether it should be spent (supposing the War Department found some objects for spending it on), or whether it should be surrendered to the Exchequer.

1883. What do you mean when you said, "supposing the War Office had found some objects for spending it on;" do you mean something that is not in the Estimates?—No, I mean some capital expenditure which may have proved to be necessary by that time. If so, it would naturally be provided for in the Estimates of 1896-97, and the advantage of the balance in that case would be this, that we should not have to call upon Parliament to vote any capital expenditure; we should be content with telling Parliament what we were going to spend, and pointing out that we had this fund to use for this purpose.

1884. Would you get the sanction of Parliament for that?—We should get the sanction of Parliament just as we get the sanction of Parliament for the whole of these Ordnance Factories Estimates through the medium of a little token Vote.

1885. Would it not be better for the Treasury to decide upon the principle at once without regard to the question of amount?—The Treasury has already decided upon the principle, and their decision is that surpluses in the case of the Ordnance Factories need not be surrendered to the Exchequer. There was no legal obligation, according to the reading of the Act by the Treasury, to surrender this surplus, and as we wished to put the Ordnance factories as much as possible upon the footing of a commercial undertaking, it was thought better to keep the surplus for the time

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

Army (Ordnance Factories).

Statement of Incomings and Outgoings, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

time being in the hands of the War Department. One reason for that is that the surplus is often an unreal one; it arises from debts that have accrued not being paid at the moment; therefore, if you surrendered the money to the Exchequer you might afterwards have to go to Parliament for a Vote that you did not want. Therefore it is convenient to have the arrangement we have made, and which happens to be one that was advocated by the Comptroller and Auditor General.

1886. (To Sir *C. L. Ryan.*) Do you still consider that there has been a breach of the law in the case of this fund?—It is rather a technical question whether there has been a breach of the law; the ordinary law is, no doubt, as I stated it. In this case it is a token Vote, and therefore it is difficult to say whether, looking at it from the strictly legal point of view, there is a breach of the law; but in any case the whole circumstances were laid before this Committee, and the Committee came clearly to the conclusion that it was not necessary to apply the ordinary rule to the Ordnance Factories, and I am responsible for having entirely agreed with the decision of the Treasury, and for having recommended the Committee to adopt it.

1887. You think we ought to fully consider the matter now that you have raised it?—I think, with regard to the question how you are going to deal with this capital account, you ought to have the regulations fully before you. That is the question I raised, not as to the past, but as to the future. If you refer to the Estimates of the Ordnance Factories for 1895–96 you will see the very large items that are anticipated under the head of "Incomings;" you will see "Anticipated recoveries of amounts to be written off capital charge on account of depreciation of buildings, 30,500*l.*; depreciation of machinery, 65,000*l.*; special plant for magazine rifle, 12,700*l.*; plant disused and sold, 800*l.*" So that there we come to deal with 100,000*l.* Therefore it becomes a question of importance for the future.

1888. Who makes the regulations that you refer to; is it the Treasury?—The Treasury, I suppose, would make them in concert with the War Department. But all I was urging was, that those regulations when made should be submitted to this Committee and approved by them.

1889. (To Mr. *Ryder.*) Do you agree that the regulations should be submitted to us?—I think the Treasury would be perfectly ready to submit any regulations made by them to this Committee; but perhaps I may add that in the view of the Treasury it is quite out of the power of the War Department, or of the War Department in concert with the Treasury, to spend the money without the sanction of Parliament if the expenditure involved any excess over the total Vote for the Ordnance Factories.

Army (Ordnance Factories).

Statement of Incomings and Outgoings, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

1890. Do the Treasury contemplate making these regulations that have been referred to?—The Treasury certainly must say before long what is to be done with the balance, whether it is to be surrendered or to remain in the hands of the War Office, or to be invested.

1891. Can we have those regulations before us this year?—It would be possible, without doubt, but I think in the ordinary course the Treasury would not, naturally, make up its mind until about the end of this financial year.

1892. Then you do not think we can have them before us this Session?—That would be a matter for the chiefs of the Treasury to determine; it would be quite possible to do it.

1893. Will you bring the matter before the Treasury?—I will take the sense of the heads of the Treasury upon the subject.

1894. You said the money could not be spent without the sanction of Parliament if it involved an excess over the total Vote for the Ordnance Factories; what do you mean by "the total Vote of the Ordnance Factories;" is it the 100*l.* we have submitted to us?—No. I thank the honourable Member for giving me an opportunity of explaining that. I mean the total gross expenditure which is sanctioned by Parliament through the medium of the token Vote. That is the true limit to the expenditure of the War Department on the Ordnance Factories, and the mere fact of their having a surplus of capital incomings in hand gives them no power whatever to exceed that total gross expenditure. If they inadvertently do it without the sanction of Parliament they have to come to Parliament and acknowledge their error, and get an Excess Vote or a Supplementary Vote if the year is not at an end.

Sir *John Hibbert.*

1895. (To Sir *C. L. Ryan.*) Do you contemplate that these regulations, when agreed to, should be laid upon the Table of the House?—I think it would be desirable. This would be so if they came to this Committee.

1896. But supposing the Committee was not sitting, you think they should be laid upon the Table of the House?—I think it would be desirable.

Sir *John Gorst.*

1897. (To Mr. *Ryder.*) Do I understand you to say that some part of this reserve capital might consist of sums due from the War Department for stores which have been received but not paid for?—I think I used the expression to which the honourable Member refers with regard to the surplus on the Appropriation Account, rather than with regard to the surplus of these capital incomings. I said that the surplus on the Appropriation Account may arise simply from liabilities not being fully discharged. It may be, to a certain extent, a surplus represent-

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ARMY (ORDNANCE FACTORIES).

Statement of Incomings and Outgoings, &c.—*continued.*

Sir *John Gorst*—continued.

ing arrears, and that was one of the reasons why the Treasury was averse to the surrender of it to the Exchequer.

1898. Would it be possible for the War Department in any financial year to receive from the Ordnance Factories stores which they did not bring into that year's account?—I think that Mr. Knox can answer that question better than I can.

1899. (To Mr. *Knox.*) Would that be possible?—Certainly not, according to our rules and regulations; we do not contemplate it. The Vote does not bear the charge for the stores unless they have been brought on charge.

1900. (To Sir *C. L. Ryan.*) Such a transaction as that would be quite irregular, would it not?—I think so.

Chairman.

1901. (To Mr. *Knox.*) Have you anything you wish to add upon this question?—I should like to say with regard to the discussion that has been going on that from the very first I differed in opinion from the Treasury and from the Comptroller and Auditor General as regards the mode of treating this balance, and it appears, though I did not remember it, that I also differed from the Committee who appear to have recommended it. I can see no reason whatever why this Vote should not be treated like every other Vote and all the surpluses be surrendered to the Exchequer, and all the deficiencies voted by Parliament. It appears to me that a mystery has been created around this Vote which is absolutely unnecessary; and that it can be treated in exactly the same way as any other Vote. All this notion of capital being worked into the accounts of the year appears to me to be surplusage and an unnecessary complication. I think we should surrender necessarily from time to time our surpluses; and it may be that in consequence of that very surrender of a surplus, it may be arising from the non-delivery of stores which has been alluded to, and which is very inconvenient, but which affects all other Votes as well as this Vote, it would be necessary in the succeeding year that we should ask for more money to make up the deficiency. In that case our explanation would be that the money had virtually been spent in the preceding year. I can see no reason why this account should be made an exception to the ordinary Appropriation Account of every other Department.

Sir *John Hibbert.*

1902. Is it not the fact that in private firms there are reserve funds of this kind for replacements and renewals?—Certainly in private concerns there is a capital account; but what we hold is, that the amount which has now been laid in for stores and machinery is the capital account of the factory. I think it would be better if we had to ask Parliament for whatever additional

ARMY (ORDNANCE FACTORIES).

Statement of Incomings and Outgoings, &c.—*continued.*

Sir *John Hibbert*—continued.

money might be wanted more during the year out of the Exchequer: in fact, we cannot spend it now by drawing upon this surplus, without asking for a Vote of Parliament; the only exception is that the money would not be drawn out of the Exchequer, but out of this balance. I can see no reason why 20,000*l.*, if it is wanted during the year, could not be drawn out of the Exchequer without having this special fund at all.

1903. Is there not this reason for having a reserve fund, that otherwise the amount of your Vote would be increased merely for the purpose of replacement?—For the purpose of replacement, one year as against another. In regard to other Votes we are absolutely bound by all the rules laid down in respect of these matters. We must go to Parliament if we have an excess, and we must surrender whatever we show as a surplus.

Mr. *Alpheus Morton.*

1904. There is no comparison between these transactions and the transactions of any private firm?—No. As regards all this idea of a commercial basis, I think it impracticable, inasmuch as we have to come to Parliament annually and have to deal with the Parliamentary system.

1905. If a private firm had created such a fund, they would invest it and set it aside entirely?—I presume they would until they wanted to draw upon it. It would be mainly invested in the capital that was necessary to carry on their business.

1906. I understand you think it would be more straightforward as a business matter to do it in the way you suggest?—I should say it would be more straightforward as a Parliamentary matter.

1907. It in fact would enable Members of Parliament to know more about it?—I think it would.

Chairman.

1908. (To Sir *C. L. Ryan.*) Have you any remark to make upon what Mr. Knox has said?—I have only to say that if the War Department think it desirable to revert in the case of the Ordnance Factories to the rules which govern all other accounts I should be very glad to second any efforts of theirs in that respect. I have no desire for any special fund if they do not want it; on the contrary, I should be quite prepared to fall in with any proposal of the sort that has been suggested.

Mr. *Arthur O'Connor.*

1909. (To Mr. *Ryder.*) I suppose you would not expect the Ordnance Factories to keep their accounts and make their charges in such a way as to show that they were working at a loss?—I think the Treasury would wish them to keep their accounts so as to show whatever was the fact.

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Army (Ordnance Factories).

Statement of Incomings and Outgoings, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

fact. If they are working at a loss the accounts ought to show it.

1910. They have to produce certain articles for the public service, and a production voucher is elaborated, from which certain charges are deduced?—Yes.

1911. You would not expect them to present an account which showed that they were not realising enough to carry them through, in other words, that their charges for articles were not sufficiently high to enable them to balance the account?—The Treasury wishes them to carry on the factories in such a way as just to cover their expenditure, and to do as little more as possible.

1912. That would be the ideal position, but a position never attainable; and therefore I presume you must always have a balance in favour of the factory?—Yes.

1913. You cannot work things to such a nicety that out of two or three million of expenditure and income you have a balance of a farthing, but if you are to provide against a loss you must have a surplus?—Yes.

1914. Given the necessity of the inevitable nature of that surplus the question arises what is to become of it; it is not yet decided that it should be invested; it is not yet decided, I take it, that it should form a reserve fund even in name; but the matter is now the subject of correspondence between the War Department and the Treasury?—Yes.

1915. The Treasury has not decided definitely that there shall be this reserve fund?—Except in the sense that the Treasury knows of its existence at this moment and does not take any steps to stop it. The Treasury is allowing it to accumulate in the hands of the War Department, but it must speedily make up its mind as to its ultimate disposition.

1916. Is the Treasury desirous that such a reserve fund should be formed?—The Treasury has seen that unless active steps are taken to prevent it such a reserve fund must automatically be made.

1917. Why could not it be annually surrendered?—It could be annually surrendered, but Parliament has voted a considerable sum from time to time to capital expenditure; that capital expenditure is recovered by the percentage addition to prices; the sums so recovered naturally remain in the hands of the War Department unless some steps are taken for altering their disposition.

1918. You have heard the Accountant General to the Army now say that he would be in favour of surrendering this surplus, as every other surplus is surrendered?—Yes.

1919. You have also heard the Comptroller and Auditor General say he would be satisfied if the War Department reverted to the original system?—Yes.

Army (Ordnance Factories).

Statement of Incomings and Outgoings, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

1920. Is the Treasury alone in favour of the retention of this fund?—I think the Treasury will give due weight to the opinions that have been expressed, and still more weight to the opinion the Committee may hereafter express; but as the honourable Member knows what has been done hitherto has been done with the knowledge and the acquiescence of this Committee and of the Comptroller and Auditor General.

1921. Was it adopted as a settled and recognised system, or merely as something tentative?—I think it was quite understood by all parties concerned that an endeavour should be made to carry on the factories from the year 1888, onwards, as nearly as possible on a commercial basis.

Mr. *Alpheus Morton.*

1922. (To Mr. *Knox.*) In the middle of paragraph 2 it is stated that there has been a sum of 19,975*l.* 18*s.* 7*d.* spent for new machinery, the estimate being only 17,250*l.*; may I ask why that increase of expenditure has occurred?—The amount which was inserted in the footnote in the Estimates, represented only the direct expenditure upon wages and materials, and excluded the indirect charges. When the account was made out it necessarily had to bear its share of the indirect charges, and so the amount chargeable against machinery was increased.

1923. That occurs, then, through a mistake being made in the account?—No; in the amount stated as required for machinery.

1924. In connection with this on page 3 of the account which we have before us, it says in the note at the bottom, "The following officers of the Ordnance Factories have received extra remuneration." What is the meaning of that, and on what grounds did they get extra remuneration?—Those are officers who are highly technically trained, and possessed of special skill, and who have been engaged in helping in examinations under the Director General of Military Education, and they have received these extra fees of 5*l.* and so on for that work.

1925. Is that beyond their salaries?—Beyond their pay as superintendents of the various establishments.

1926. Are they not paid for their full time?—They are paid for their duties at the factories.

1927. Is this extra work done on overtime?—Yes, altogether; they take the papers of the competitors home to examine, and they have to set the papers.

Account, 1893–94.

Chairman.

1928. (To Mr. *Knox.*) In the last sentence of paragraph 3 the Comptroller and Auditor General remarks that the surplus of 59,864*l.*, the formation of which he has already described,

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., Mr. Knox, C.B., and Mr. Anderson, D.C.L., F.R.S., M.INST.C.E. [*Continued.*

ARMY (ORDNANCE FACTORIES).

Account, 1893–94—*continued.*

Chairman—continued.

is more than sufficient to cancel the deficit of 6,254*l.* 8*s.* 7*d.* on the Supplies Suspense Account to 31st March 1893, and converts it into a surplus of 53,710*l.* 7*s.* 6*d.*, as shown at page 3 of the account; that surplus of 59,864*l.* is itself a net surplus, arrived at after the deduction of the deficiency of the Appropriations in Aid; and this net surplus is more than sufficient to cancel the other deficit on the Supplies Suspense Account; have you any remarks to make on that subject?—This is really in regard to the subject we have been discussing just now. Last year there was a deficit on the Vote of 6,000*l.*; this balance, which we have been holding in hand, had accumulated this year to 59,864*l.*, and therefore easily converted the deficit of the previous year into a balance of 53,000*l.* in favour of this fund.

ARMY (ORDNANCE FACTORIES).

Account, 1893–94—*continued.*

Mr. *Alpheus Morton.*

1929. What is the meaning of the word "deficit" there?—The Vote was deficient; there was an excess upon the Vote; we spent more than was granted.

1930. Where do you get the money from?—We get it from the House of Commons by vote.

1931. By a Supplementary Estimate?—By a Supplementary or Deficiency Estimate.

1932. If you make the alteration that you suggested just now we should do away with all that, and you would have to come to Parliament when there was a deficit, and when there was an excess you would come to surrender it?—Yes.

[Dr. *Anderson* withdrew.

MILITARY FORCES LOCALIZATION ACCOUNT, 1893–94.

EXCESS UNDER HEAD I.

Mr. *Alpheus Morton.*

1933. (To Sir *C. L. Ryan.*) In paragraph 2 of your Report upon this Account you state in regard to the excess of expenditure under Sub-head I. that "this excess will require to be sanctioned in the manner provided by Section 6 of the Act;" do you know if it has been sanctioned?—It will not be sanctioned until the account is closed.

1934. That might be a long time hence, might

Mr. *Alpheus Morton*—continued.

it?—If you look at the next paragraph you will see it is hoped that this will be the last account of this service.

1935. Would that be the end of this account altogether?—Yes, whenever that occurs.

1936. Would that be an end of the system?—Subsequent expenditure would be provided for in the ordinary Votes.

PROXIMATE CLOSING OF ACCOUNT.

Chairman.

1937. (To Mr. *Knox.*) In paragraph 3 the Comptroller and Auditor General says that the Treasury agreed that if necessary this account might remain open for 1894–95, and then he he adds, "As the amount originally provided had not at the close of the present account been wholly expended, advantage has been taken of their Lordships' permission. The next account of this service should, however, be the last." Have you any remarks to make on that paragraph?—I am afraid that the anticipation that the expenditure will be completed in 1894–95 will not be fulfilled, but that a very small amount of expenditure will fall over into 1895–96. Therefore it will be necessary to render an account for that year also, and we have obtained the sanction of the Treasury to that arrangement. But I believe, without any doubt, the account for 1895–96 will be the last year's account to be rendered.

1938. I gather this account will not cease as

Chairman—continued.

soon as was anticipated; why is that?—Because it has not been possible to complete the expenditure upon several of the works in hand, and to carry out some of the purchases of land.

1939. Is that the only reason?—Yes.

1940. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—No.

1941. (To Mr. *Ryder.*) Have you anything to say with regard to it?—I can only confirm Mr. Knox's statement that the prolongation of the account into 1895–96 has been sanctioned by the Treasury.

Mr. *Arthur O'Connor.*

1942. (To Mr. *Knox.*) Do you remember what the exact things were for which the expenditure was incurred in this period?—No, I do not.

1943. I thought you said something about the purchase of land?—I said that some arrange-

ments

MILITARY FORCES LOCALIZATION.

Proximate Closing of Account—*continued.*

Mr. *Arthur O'Connor*—continued.

ments about purchasing land had not been completed.

1944. Is there land still to be purchased?—Yes.

1945. And any buildings?—Yes, some building.

1946. Do you know where the property is?—I do not.

1947. Will the purchases of land continue until this 20,000*l.* is spent?—Yes.

1948. Will there be any excess, do you think, on the account?—No.

Mr. *Alpheus Morton.*

1949. Do I understand this account will be kept open until the whole of the three and a quarter millions is expended?—Yes; when this account was made up in March 1894 there was 20,497*l.* 13*s.* 5*d.* still remaining to be spent.

1950. Supposing you had nothing to spend the money on, what would happen?—We have unfortunately many good proposals for expenditure.

1951. Has Parliament agreed to the further objects you may spend it on?—It must necessarily only be spent on the objects detailed in this account.

1952. How much did you spend last year?—The expenditure in the year 1893–94 was 11,705*l.*

1953. Do you think the account will be closed this year?—It will be closed in 1895–96.

Mr. *Philip Stanhope.*

1954. There is no possibility, I suppose, of that unexpended balance of 20,000*l.* being exceeded by the present requirements?—No.

1955. If it was you would have to go to Parliament for it?—Yes.

1956. But that is not contemplated?—Not at all.

MILITARY FORCES LOCALIZATION.

Proximate Closing of Account—*continued.*

Sir *Arthur Hayter.*

1957. Do you remember when it was expected that this money would be expended; can you say how much the time has been exceeded?—This expenditure has being going on for 20 years.

1958. Since 1872?—Yes.

1959. It was anticipated, I presume, that the money would be spent much earlier?—Yes, it was thought that it might have been. I always think such expenditure should be more rapidly completed.

Mr. *Alpheus Morton.*

1960. (To Sir *C. L. Ryan.*) This three millions was borrowed, I understand?—Yes, it was borrowed by terminable annuities.

1961. Have they ceased yet?—I cannot say.

1962. (To Mr. *Ryder.*) Can you tell us how that is?—Apparently the money was raised by means of annuities expiring in 1885.

1963. Then it is paid off?—All but a very small portion, converted in 1883 into an annuity, expiring in 1904.

1964. (To Mr. *Knox.*) Where is this balance now?—The War Office has it.

1965. Then this is another balance that the War Office has?—Yes.

1966. Have you many such balances that do not appear in the annual accounts?—They do appear in the annual accounts.

1967. I mean in the Estimates; have you many such balances?—Not many; but this 20,000*l.* was handed over to us some little time ago, when the expenditure approached completion.

1968. The whole of the money was not handed over to you?—No.

IMPERIAL DEFENCE ACT, 1888 (MILITARY SECTION).—PORTS AND COALING STATIONS.

ROYALTIES ON CARRIAGE MOUNTINGS.

Chairman.

1969. (To Mr. *Knox.*) In the two last sentences of paragraph 3 of the Report on this account the Comptroller and Auditor General adverts to the royalties on carriage mountings, and remarks that the Treasury concurred with him in the opinion "that the royalties in question should have been charged in the same way as the mountings themselves were to the Imperial Defence Loan;" and then he proceeds to specify what the various amounts are; and he states the total expenditure would be increased to 2,466,233*l.* Do I rightly understand that this is the very question that the Committee have already dealt with on the Army Accounts?—Yes; this is the same question that was raised there.

Chairman—continued.

1970. And the answer that was given then is equally applicable to this paragraph?—Quite so.

1971. There is no further point upon this, is there, beyond those dealt with on the Army Accounts?—There is nothing more. We accepted the objection that was made by the Comptroller and Auditor General, and the transfer is being made from one account to the other.

1972. (To Sir *C. L. Ryan.*) Is that satisfactory?—Yes; the question has been settled.

1973. (To Mr. *Ryder.*) Have you any remark to make upon this point?—No.

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Imperial Defence Act, 1888.

Excess on Head I.

Mr. *Alpheus Morton.*

1974. (To Sir *C. L. Ryan.*) You say in your Report that the excess expenditure to the amount of 11,833*l.* 10*s.* 8*d.*, expenditure on military ports "is required to be sanctioned in the manner provided by Section 5, Sub-section 2, of the Act;" has it been sanctioned yet?—Not yet.

1975. (To Mr. *Knox.*) Can you say why this excess on Head I. has not been sanctioned yet?—We have been in correspondence with the Treasury, and they will give their sanction when the account is closed, as in the other case which we dealt with just now.

1976. When will the account be closed?—It is expected that this account, like the other account, will be closed in the current year, 1895-96.

1977. What are we to understand by the proposal of the Treasury to give their sanction after the account is closed; is it not spending the money first and considering it afterwards?—In a certain sense of course it is, but we have been in correspondence with the Treasury, and the Treasury has ruled that is the course we should take.

1978. (To Mr. *Ryder.*) Have you any explanation to offer with regard to this point?—As I understand you, let them spend the money first, and then sanction it afterwards?—Yes; the Treasury is a party with the War Department to the excess on a particular head. The Act says no excess is to be incurred unless the Secretary of State for War and the Board of Treasury give a joint certificate that the excess can be made out of the savings on other heads. The Treasury felt it would be impossible to give a certificate of that kind finally until the account itself had been finally made up; it would be impossible to tell on which heads the particular savings would be made in the end until the account is closed. Therefore whilst condoning the incurring of the excess upon the particular head they agreed with the War Department that the formal joint certificate had better be postponed until the account was finally closed.

1979. The Treasury agrees to the expenditure?—Yes.

1980. But defers its sanction?—It defers its formal sanction.

1981. The Treasury has considered, I understand, the way in which the money has been expended?—Yes, speaking generally.

Date of Closing the Account.

Chairman.

1982. (To Mr. *Ryder.*) In regard to the date of closing the account, which has now been fixed for the 31st of March 1895, the Comptroller and

Imperial Defence Act, 1888.

Date of Closing the Account—*continued.*

Chairman—continued.

Auditor General goes on to say, "Under this arrangement the present account will be the last but one of the service, and the expenditure will have extended over seven years instead of the three which were contemplated by the Second Schedule of the Act." May I ask whether the Treasury sanctioned this without raising any particular objection, or did they raise any objection?—It was a matter of discussion, some few years ago, whether the statement of date at the head of the Schedule of the Act was binding or not. It was at last determined that it was only an exposition of an intention, that it was of the nature of an estimate, and did not prevent the War Department and the Treasury from agreeing to continue the expenditure for a longer period than the three years. The Treasury, some little time ago, agreed that the account should be closed with the year 1894-95, but quite recently, at the request of the War Department, they consented to the prolongation of the account into 1895-96.

1983. Do the Treasury think it unsatisfactory that the period contemplated by the Act should be prolonged from three years to seven years?—The Treasury regretted the necessity of continuing the account, but they thought that on the whole the intention of Parliament was that the whole fund created by the statute should be devoted to the particular purpose of the defence of ports and coaling stations; and that it would be better to exhaust that fund even at the cost of the prolongation of time before calling upon Parliament to vote further money for the purpose.

Mr. *Arthur O'Connor.*

1984. (To Mr. *Knox.*) Will you kindly look at Statement 2, on page 2; under the column of actual expenditure for the year ending the 31st March 1894, opposite item 5, "heavy guns," you will see there is no expenditure but what is marked as a "credit" of 549*l.*; how is it that that sum comes in reduction of the expenditure already recorded?—My recollection is not very accurate at the moment, but I think it arises from the fact that some charge which had originally been recorded against this item had subsequently to be transferred to the Army Estimates.

1985. It occurred to me that it might be so, but then I noticed that where such a case occurs another plan of noting is adopted: if you look at the column under the 31st of March 1893, item 2, "coaling stations" there, where there is a reduction of a previously recorded expenditure, the reduction is explained in a special footnote; you will see there is a reduction of 3,344*l.* from the amount shown on a previous account with this note, "Withdrawn in accordance with the decision of the Public Accounts Committee"?—I do not at the moment recollect the exact circumstances, but I will send a note to the Committee explaining the point.

1986. I notice

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Imperial Defence Act, 1888.

Date of Closing the Account—*continued.*

Mr. *Alpheus Morton.*

1986. I notice in Statement No. 2 of the Account that taking the coaling stations the total estimate was 360,000*l.*, but that you have only spent 285,794*l.*; whereas, on the heavy guns, with an estimate of 200,000*l.*, you have spent 455,712*l.*; who authorises that variation?—The Secretary of State for War in conjunction with the Treasury.

1987. Without the consent of Parliament?—Yes, without any further consent from Parliament.

1988. Then when Parliament understood that the 360,000*l.* was going to be spent on coaling stations they were misled?—That was the original estimate that was made, but in these matters it is sometimes very necessary to depart from the original estimate in order to carry out the real policy of the Government at the time.

1989. But are you not aware that complaints have been made that we have not spent enough on coaling stations?—The coaling stations are supposed to be completed at the present time.

1990. There are no further requirements, you think, for coaling stations?—I should be afraid to say that. Nobody appears to be satisfied now as to the amount of expenditure that should be incurred upon anything.

1991. Are there any complaints with regard to the coaling stations now?—No, they are supposed to be fully fortified.

1992. And complete?—Yes.

1993. Then why was there this estimate of 360,000*l.*?—That was supposed to be the original cost. In some cases the fortifications did not amount to the sum that was originally calculated.

1994. Then there is a great difference in the charge for "mercantile ports;" the estimate is 193,000*l.*, as against 94,000*l.* spent; what is the cause of that variation?—The original idea as to mercantile ports has been modified, but I cannot recall now exactly in what direction.

Chairman.

1995. (To Mr. *Ryder.*) Without getting the consent of Parliament can these variations remain?—Parliament has given power to alter the distribution between the Heads in such a manner as may prove needful, on the sole condition that the total of the fund is not exceeded. But I should like to say, in supplement of what Mr. Knox has said in explanation of the excess on Head 5, that I rather think a large proportion, if not the whole, of the charge against Head 5 is only temporary. A great many heavy guns are made and their ultimate destination has not yet been fixed; they are therefore charged to Head 5 at present, but before the account is closed I think it will be found that many of these heavy guns will have been assigned to "mercantile ports," for instance, or to "coaling stations," or elsewhere, and then Head 5 will be lightened and the other Heads will be weighted by the transfer.

Imperial Defence Act, 1888.

Date of Closing the Account—*continued.*

Chairman—continued.

1996. Would that apply to "coaling stations"?—The coaling stations would be charged with the increased amount in respect of the heavy guns that are finally assigned to "coaling stations."

1997. My complaint just now was, so much less than the estimate had been spent on coaling stations?—Exactly; but that, I think, arises from the temporary overweighting of Sub-Head 5; the heavy guns have been made, but they have not yet been assigned.

1998. In point of fact, then, we cannot, at the present moment, take this as an accurate account of what the distribution will be when it is finished?—I think not.

Sir *Arthur Hayter.*

1999. I suppose no control is exercised over the time within which these works are completed?—It was held that the statute did not absolutely compel the War Department to observe any particular period of time.

2000. From the beginning you must have seen at the Treasury that if they spent only 390,000*l.* in the first year they never would complete the whole expenditure of 2,600,000*l.* within the three years?—I think we became alive to the fact that the period would be exceeded very early.

2001. There would be no particular objection to extending the time if reasons were shown for it, I suppose?—No, subject to the legal point I mentioned to the Committee as to the effect of the mention of a date in the Schedule of an Act.

2002. For any of these variations from the amount sanctioned by Parliament the War Department must come to you, must it not, at the Treasury, and get your assent to the transfer?—They send us the account before it goes to the Audit Office, so that we become aware of any variation, and it is open to us to make any remarks we like, and we have agreed not to give our final formal sanction until the account is closed.

Sir *John Hibbert.*

2003. There will be another account rendered next year, will there not?—There will be an account for 1894–95, and also for 1895–96.

Mr. *Alpheus Morton.*

2004. If you say that some of the items under No. 5 will be transferred to some other number, what is the meaning of the estimate, seeing that the 200,000*l.* is kept separate from either "coaling stations" or "mercantile ports"?—I suppose at the time the original estimate was made up it was contemplated that there would be more or less a reserve of the heavy guns, and they would be allocated in time to the various ports.

2005. Then the 200,000*l.* was a reserve of heavy guns that afterwards would be allocated?—That is my idea, but in saying that I feel that I am rather trenching on Mr. Knox's province. My idea is, that the explanation of

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Imperial Defence Act, 1888.

Date of Closing the Account—*continued.*

Mr. *Alpheus Morton*—continued.

this great excess over the 200,000*l.* is that there are a great many heavy guns that have been made and not yet allocated.

2006. (To Mr. *Knox.*) Can you explain the difference between the expenditure and the estimate on the item of heavy guns?—I am reminded by what Mr. Ryder has said of the fact that these guns were ordered, in the first instance, with a view of their being the identical guns that would go to certain places; but it was found impossible to follow the thing as closely as that, and the expenditure on the guns had to be left practically in this Sub-Head until the final allotment could be made, and then transfers would be made from that item to the other items which have not yet been completely charged with the expenditure really incurred for the guns under those categories.

2007. The estimate was to be a reserve of guns, was it?—Yes; it was supposed to be a popular way of putting things and one that would be easily understood, but for appropriation purposes it was rather a loose way.

2008. Then you think it might deceive innocent Members of Parliament?—Members of Parliament generally ask for information in a way in which it is very difficult to provide it.

2009. This is an estimate given for money required?—Yes.

2010. That estimate was before Parliament when we were asked for the money?—Yes; and in the ordinary course it states the heads under which the expenditure should be accounted for. But when you come as practical people to account for the expenditure under those heads it is found very difficult to do so. When the orders, for instance, go to the factories it is quite impossible to identify the casting in a particular shop and say that that is the identical gun that is to go to Singapore, or to the Tyne, or to any particular station.

2011. In the final result it may come pretty nearly to the figures stated in the estimate?—Yes, if the transfer is made which has been contemplated.

Mr. *Thornton.*

2012. (To Mr. *Ryder.*) Will the change of date of closing the account necessitate application to Parliament, or have you liberty to vary the date?—It is held by the Law Officers of the Crown that we can extend the period in the Act without applying to Parliament for an amendment of the Act.

Mr. *Alpheus Morton.*

2013. As I understand, what you say is, that you could not spend the money in less than three years, but that you might take more years to spend it in?—The War Department find that they require more years to spend the whole of the money in.

2014. I understand the Treasury decided that, while legally you might take more than three years, you could not spend it in less than three years; you could not take all the money and spend it in one year, could you?—Yes; I think that would have been legal.

2015. Then the naming of three years means nothing at all?—The statement of the three years at the head of the Schedule was held to indicate an estimate of the probable duration of the expenditure at the time the Act was passed.

2016. But notwithstanding that estimate the Treasury could consent to its being spent either in one year or 10 years?—I think so.

BARRACKS ACT, 1890.

Account, 1893-94.

Chairman.

2017. (To Sir *C. L. Ryan.*) In your Report upon the Barracks Act is there any question to be raised, or anything you would desire particularly to draw the attention of the Committee to?—There is nothing, I think, in the Report except a statement of fact, and nothing which I think requires the special attention of this Committee.

Mr. *Alpheus Morton.*

2018. This Account deals with the case of money being spent out of loan, the same as in the case of the previous accounts we have been dealing with?—Yes.

Mr. *Alpheus Morton*—continued.

2019. (To Mr. *Knox.*) When is it supposed that this expenditure will be completed?—We are spending about 700,000*l.* a year at the present moment, and I expect it will go on at that rate, and, if so, that would mean something like three years. But, unfortunately, in the case of all this loan expenditure the last portions drag out for an apparently unreasonable time.

2020. Can you tell me whether you have done anything

8 *May* 1895.] Sir C. L. Ryan, K.C.B., Mr. Ryder, C.B., and Mr. Knox, C.B. [*Continued.*

Barracks Act, 1890.

Account, 1893–94—*continued.*

Mr. *Alpheus Morton*—continued.

anything with regard to the barracks at Londonderry yet?—No, I cannot.

2021. There is no amount put down here in the Account as having been expended on barracks at Londonderry, but I did not know whether there may have been an expenditure upon them since this Account was issued?—I cannot say.

Barracks Act, 1890.

Account, 1893–94—*continued.*

Chairman.

2022. You have some Papers to put in, I understand?—I have two Papers to hand in. The first is in reference to the rates at Gibraltar, and the second is about the powder stores at Purfleet, about which I have been asked. (*The same were handed in.*)

[The Witnesses withdrew.

FOURTH

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS:

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE

AND

MINUTES OF EVIDENCE.

Ordered, by The House of Commons, *to be Printed,*
27 *June* 1895.

[*Price* 5½*d.*]

340. *Under* 5 *oz.*

FIFTH

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
1 *July* 1895.

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348. +

Committee of Public Accounts.

Ordered,—[*Wednesday, 4th March* 1895]:—That the Committee of Public Accounts do consist of Fifteen Members.

Committee nominated of—

Mr. Bartley.
Mr. Buchanan.
Mr. Cameron Corbett.
Sir John Gorst.
Mr. Hanbury.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Jackson.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Arthur O'Connor.
Mr. Philip Stanhope.
Sir Richard Temple.
Mr. Webb.
Mr. Arthur Williams.

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

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FIFTH REPORT.

THE COMMITTEE of PUBLIC ACCOUNTS have made further progress in the Matters to them referred, and have agreed to the following FIFTH REPORT:—

CIVIL SERVICE APPROPRIATION ACCOUNTS.

GENERAL.

1. To his Reports on the numerous Votes in the several Classes of these Services, the Comptroller and Auditor General prefixes a General Report. Q. 2023.

2. In his paragraph 2 of this Report he reverts to a subject which has been more or less dealt with on previous occasions, namely, the new system of treating extra receipts, and receipts from the sale of fee stamps, as Appropriations-in-Aid. He states that so long as exceptions remain to what may now be regarded as the general rule, the advantages of the system cannot be fully obtained. But he regards the question as one of administration beyond his province. In reference to the absence of entire uniformity in practice, the Treasury inform your Committee that they have endeavoured to apply the system as uniformly as possible, and quite recently it has been applied to an additional Department, namely, that of the Survey. There are, however, certain Departments where the receipts are fluctuating, or where they are received and occur in payment again within the year, and so do not lend themselves to be applied in aid of Votes. Therefore, the Treasury, though anxious for uniform application, cannot undertake that this object shall always be secured. Your Committee deem it sufficient for the present to impress the importance of this matter on all concerned. Q. 2024.

3. Respecting the question of appropriating in aid of Votes the receipts from fee stamps in the same way as other extra receipts, the Treasury inform your Committee that this matter is still under consideration. Until the Treasury shall have arrived at a conclusion, your Committee can hardly offer an opinion. Q. 2024.

4. In his paragraph 3, the Comptroller and Auditor General refers to the stamps affixed to documents in the Law Courts in Ireland. Herein there appears to be a want of security first, as to correctness of the amounts of the stamps; secondly, as to the cancellation of stamps once used. The doubt appears to be strengthened by the fact that in 1892 inquiries under Treasury directions at Edinburgh led to the discovery that such fiscal losses had occurred in Scotland, to the adoption of precautions for their prevention in future, and to the association of an officer from the Inland Revenue Department with the officers of the Courts for the purpose of periodically checking and cancelling the stamps on all documents remaining in the custody of the Courts. Similar inquiries ought certainly to be made for England. Your Committee learn that the Treasury are giving their immediate attention to the subject. The examining of the cancellation of the stamps is being taken up by the Inland Revenue Department, and the testing of the correctness of the amounts is being conducted by one of the Treasury Officers of Accounts, for all parts of the United Kingdom. The result of these proceedings will probably be apparent in the Reports of next year. Meanwhile your Committee hope that the precautions now being taken will prevent any leakage of the Government dues in these respects. Q. 2025. Q. 2031–2. Q. 2025 to Q. 2035.

CLASS I.

VOTE 1.—ROYAL PALACES.

5. In his paragraph 2, the Comptroller and Auditor General, in respect to new works, the remodelling of the drainage of Buckingham Palace, to be spread over two years,

remarks that, whereas some saving had been expected, there has in reality been an excess. It appears, however, that the saving which the Department offered to make in this work, Q. 2049. in order to proceed with another work, namely the clearing out the lake at Frogmore, did not become necessary; while, on the other hand, it was found more convenient to expedite the Palace drainage, which caused some excess in the expenditure of the first year, within the limits of the Vote for that year. The Treasury sanctioned this arrangement, which was within their competency. And your Committee agree with the Comptroller and Q. 2050. Auditor General that further remark is not required.

Vote 8.—Revenue Department Buildings, Great Britain.

6. In a contract for the construction of the Post Office at Maidenhead there was at first some loss, owing to the failure of a contractor. The Comptroller and Auditor General adverted to this matter in his paragraph 3, but reserved further comment till the Q. 2057. completion of the building. Your Committee learn, however, that the building has Q. 2059. subsequently been completed. And there was practically no loss from the failure of the Q. 2063. first contract, inasmuch as a fresh contract was made for the completion of the work, and the expenditure was ultimately almost the same as if the first contractor had done the work.

Vote 9.—Public Buildings, Great Britain.

7. In his paragraph 3, the Comptroller and Auditor General reports that when the Treasury sanctioned a sum of 360*l.*, for Survey Buildings, Southampton, there was a condition that half of it should be saved on the Sub-head, which condition has not been Q. 2065 to Q. 2071. fulfilled. It appears, however, that after completion of the Vote the sanction of the Treasury was obtained, the matter being within their power. So your Committee agree with the Comptroller and Auditor General that no further remark is required.

Vote 12.—Peterhead Harbour.

8. The Comptroller and Auditor General, in his paragraph 1, remarked that out of 27,660*l.* granted, only 18,485*l.* had been expended, leaving a difference of 9,174*l.*, Q. 1703. regarding which he had not received sufficiently precise information. The Admiralty now inform your Committee that the above difference includes under-expenditure of 2,804*l.* for the breakwater and 6,505*l.* for the barge harbour. In reference to all this, there is explanation regarding the non-delivery of the crane, and the consequent impossibility of utilising the grab and so forth; the work in the barge harbour being carried on as far as possible by divers. The expenditure on the breakwater was reduced, owing to a long continuance of rough weather. But it is admitted that the estimate that one half of the barge harbour could be completed in 1893-94 was too high. The admission that the estimate was too high is the point for which the Comptroller and Auditor General has contended.

Q. 1705. 9. But out of this there arises the question as to why the remains of materials in March 1894, as compared with March 1893, show a reduction of nearly 2,000*l.* This Q. 1707. is in part accounted for by the loss of some valuable cement in a ship that went down. This loss did not come to the knowledge of the Comptroller and Auditor General until the explanation to the above effect was given to your Committee. Apparently the store accounts do not disclose the loss as yet, but the item must figure in the accounts of the Admiralty later on, together with some explanation of the circumstances of the loss, more full than the explanation as yet obtained by your Committee. Your Committee observe that there must be some deficiency of check in this case; but as the point may be cleared up in the next account and Report they deem it sufficient for the present Q. 1707 to Q. 1720. only, to draw the attention of the Comptroller and Auditor General and the Admiralty to the matter, with the intimation that the several points brought out in the evidence must, in their opinion, be cleared up in a future Report.

Vote 14.—Public Works and Buildings, Ireland.

10. In his paragraph 3, the Comptroller and Auditor General, referring to a former Report of his regarding the inadequacy of the certificate furnished in support of Grants-in-Aid of the Erection of National Schools, states that no arrangement has been arrived

arrived at in settlement of this question. Your Committee now learn that the National Education Commissioners have been in consultation with the Board of Works; they have framed certain amendments to the National Education Rules. This proposed settlement is under the consideration of the Treasury. The matter may prove to be one of some difficulty, as it involves the ascertaining of the fulfilment of the condition that half the cost of the school building is contributed from local sources. But until the Treasury shall have given some decision on the proposals recently submitted, your Committee are not able to form their conclusion. Q. 2073. Q. 2075.

Vote 15.—Railways, Ireland.

11. In his paragraph 4, the Comptroller and Auditor General notices that a sum of 400*l.* was paid on the Achill Extension Railway in excess of what was considered to be due by the Engineer of the Board. It appears, however, that this payment was the result of a compromise of a dispute. As the Treasury see no objection to it, your Committee do not deem further remark to be necessary. Q. 2084.

CLASS II.

Vote 5.—Foreign Office.

12. In his paragraph 2, the Comptroller and Auditor General draws attention to the case of Sir Edward Hertslet, whose services in this office have been prolonged for two years, that is, till February 1896, after his retirement on pension at 70 years of age, with a special temporary salary of 333*l.* annually, which amount, together with his pension, equals his former salary of 1,000*l.*, the special salary being borne by the Foreign Office Vote and the pension by another Vote. Although the value of his services is unquestionable, and although on several subjects he is an authority hard to be replaced, yet it is on all hands admitted that this arrangement is in contravention of the Order in Council; and though it was sanctioned by the Treasury, yet there is no rule under which that sanction can be given; such authorisation is, indeed, beyond the power of any authority save Parliament itself. Still, the Treasury has of late, in more than one instance, undertaken the responsibility of breaking the Order in particular cases where the public interest is clear and undoubted. No discretion is vested in the Treasury by the Order in Council; still, it is held that occasionally such discretion must be exercised. The Treasury appear, indeed, to deprecate any such discretion being expressly vested in them, lest a pressure of applications should cause some latitude to creep into the observance of the Order. If the provision in the Order in Council is intended to be carried out strictly, it would be far better not to give a discretion in the Order itself, because the Treasury are able to adhere thereto much more strictly if they have not got the discretionary power vested in them. The Treasury declare themselves to be most unwilling to sanction these departures from the rule, and to be anxious to restrict them within the limits of actual necessity. Your Committee attach due weight to these several considerations; still, they must observe that this Order in Council includes many other matters besides pensions and retirements; that if it can be contravened by the Treasury in one matter it may be in any other or in all; and that if such contraventions were to become common the ordering of the Civil Service would be upset. Your Committee therefore consider that the Treasury ought not to comply with any applications contravening the Order in Council, incurring even some public detriment in order to secure the prime advantage of uniformly and unfailingly adhering to the rule. If a case should occur of real necessity for contravening the Order, then your Committee think that the Treasury should be under the obligation of making an application to Parliament. Q. 2087. Q. 2100.

Vote 8.—Board of Trade.

13. Your Committee observe that a large grant, 16,000*l.*, was taken, under Sub-Head H., "Law Charges," because in addition to ordinary things, a heavy law-suit was expected. This law-suit did not come off, consequently the expenses were only 13,000*l.*, leaving a considerable residue of the grant unexpended.

Vote 9.—Bankruptcy Department of the Board of Trade.

14. Your Committee notice the item described as "Dividends on Funds," invested under Section 70 of the Bankruptcy Act of 1883, as shown in the monthly cash accounts rendered by the Treasury under the head "Deposit Fund Account," and amounting to more than 20,000*l*. This, of course, represents a capital sum of about 670,000*l*. It appears that hereby is represented the amount of the bankruptcy funds which are invested by the Treasury, and held on account of floating balances to the credit of the bankrupts' estate. The dividends, as received, are applied to the current expenses of the bankruptcy administration. There is a constant investment. The Board of Trade practically act as bankers for the Bankrupts' Estates Account, receiving the balances upon various accounts, and paying out the sums from day to day. There is always a large amount of such balances which can be invested, and which have to be realised whenever required. It is provided by the Bankruptcy Act that the income of these floating balances belongs to the Treasury; that is to say, it goes to the credit of the general account, and tends to reduce the general fees which are payable in respect of the bankruptcy administration. Moreover the Treasury are able to invest balances which the trustees of bankruptcy estates could not possibly invest. But there is a provision in the Act to enable the trustees to secure the interest on behalf of their particular estates in cases where the moneys are not required for current purposes. But this power of withdrawing money from this large fund, and placing it in local banks is not largely exercised, inasmuch as the trustees are generally anxious to distribute the available funds among the creditors as soon as possible. The amount realised out of the sum of 670,000*l*., or thereabouts, is distributed among the creditors of the bankrupts' estates, but the current interest goes into the Treasury not for the benefit of the particular estate, but for the bankruptcy administration, by which all the estates benefit. Your Committee deem these various matters to be of moment; but they concur with the Comptroller and Auditor General in considering that there is not any point to which objection need be taken.

Q. 2147. Q. 2157. Q. 2158. Q. 2159. Q. 2160. Q. 2170. Q. 2160. Q. 2166. Q. 2165.

Vote 10.—Board of Agriculture.

15. Your Committee observe that some extra remuneration was paid to Major Tennant, the chief travelling inspector, which money had been recovered from the London County Council, for extraordinary work done for them in connection with muzzling for rabies. No doubt such extra payments to salaried officers whose whole time is claimed by Government are, as a rule, to be avoided, and the making of them should be jealously watched. But on inquiry, specially made from the Board of Agriculture, your Committee learn that this officer did the particular work, which was quite outside the Governmental business, and pertained to a local or municipal body, while at the same time he discharged all his Governmental duties most efficiently. They, therefore, think that this payment was allowable.

Q. 2174 to Q. 2180. Q. 2640 to Q. 2657

Vote 17.—Mercantile Marine Fund (Grant-in-Aid).

16. Your Committee observe that there is an improvement in the financial position of this fund, there being an increase of income of 16,984*l*., and a decrease of expenditure of 35,008*l*., the cash balance at the end of the year being 84,000*l*. The income, however, includes an exceptional item of 8,304*l*. received from the German Government for plant of the Heligoland Lighthouse handed over on the final transfer of that light to Germany. This sum is at present placed to the credit of the general balance of the fund, but if the fund shall hereafter be in a sufficiently flourishing condition to make an investment, then the money will be invested as a part of the capital sum in order to pay off the present debt.

Q. 2195. Q. 2197.

Relief of Distressed Seamen at the Mauritius.

17. Your Committee observe that in this Colony, perhaps from local causes, there has been more than usual difficulty in getting these seamen away from the place before they have spent the money received by them on their discharge, and before they fall into distress. It is difficult for the Board of Trade to control this affair, because the authorities in charge are Colonial. Still a correspondence has been actively conducted, already resulting in some improvement.

Q. 2198. Q. 2199.

18. Your

Loan from Greenwich Hospital.

18. Your Committee observe that the debt due to Greenwich Hospital, of 150,000*l.*, has not been reduced of late. Q. 2201.

Questionable Charges for the Relief of Foreign Seamen.

19. Your Committee observe that the proposed legislation has not been found practicable for bringing the provisions of the Merchant Shipping Act into harmony with the international agreements for the mutual relief of distressed seamen. The Board of Trade have issued a circular to consular and other officers reminding them that expenses should not be incurred in the relief of foreign seamen. Nevertheless, such expenses are occasionally incurred and charged to the Fund. It appears that from experience the Board of Trade have not thought it worth while to enter into a correspondence with foreign governments for the recovery of these small sums. Q. 2207. Q. 2214.

20. Your Committee observe that this question will be included in the several matters referred to the Departmental Committee now sitting for the purpose of inquiring into the position of the Mercantile Marine Fund. Q. 2220 to Q. 2225.

21. The same observation in paragraph 19 is applicable to the matter of obliging shipowners to provide for their own shipwrecked seamen free passages home in vessels of their own line; also to the matter of the relief of Canadian seamen at British expense. Your Committee agree with the Comptroller and Auditor General that rules on these and other cognate should be revised in reference to practice and practical possibilities, otherwise it is difficult for him to discharge his duties regarding the Mercantile Marine Fund; he has to report to Parliament payments made outside of or contrary to regulation, and the Board of Trade plead that questions of discretion, policy, and generosity must be admitted. Q. 2232. Q. 2230. Q. 2244. Q. 2245.

22. It may be added that the amounts recovered from the Colonies are all to the good, being outside the law altogether. Q. 2263.

23. Your Committee notice that the account shows a surplus to be surrendered of 2,212*l.* This surrender will be carried out by a deduction of this amount from the 40,000*l.* to be thereafter granted. Q. 2269. Q. 2291.

VOTE 23.—STATIONERY AND PRINTING.

24. In his paragraph 2 the Comptroller and Auditor General draws attention to the increasing arrears in the examination of Printers' Accounts. Your Committee learn that the Treasury have met the difficulty by some additional establishment. Q. 2300.

Store Accounts.

25. Your Committee notice that the local test examination of these Accounts is done by officers of the Comptroller and Auditor General. The value of the stock is certified by officers of the Department, and by professional stocktakers appointed by the Controller of Stationery. But the Comptroller and Auditor General has power to take stock for himself whenever he thinks it desirable. Q. 2305. Q. 2312.

VOTE 28.—FISHERY BOARD FOR SCOTLAND.

26. Your Committee notice that in respect of sums alleged to be due from the co-guarantors of the Brae Extension, the Post Office do not feel themselves in a position to call on the co-guarantors for payment of sums due for previous years; but that the Fishery Board are still further pressing this claim. The question seems to be one of legal liability, and your Committee must await the result of the efforts which the Fishery Board are making. Q. 2325. Q. 2329.

VOTE 33.—CHIEF SECRETARY FOR IRELAND.

27. The Comptroller and Auditor General draws attention to what was virtually a double payment for the Secretarial Office at Dublin: a sum having been paid to Sir West Ridgeway Q. 2334. Q. 2338.

Ridgeway for a certain period, during which Sir D Harrel was also drawing salary as Under Secretary, your Committee found that though this arrangement was quite unusual, yet it arose out of Sir West Ridgeway's deputation to Morocco, and was sanctioned by the Treasury according to their powers.

Vote 35.—Local Government Board, Ireland.

Labourers' Cottages.

Q. 2358. 28. The Comptroller and Auditor General draws attention to the extension of time which has been allowed to the Irish Authorities for availing themselves of certain moneys which had been placed at their disposal It is to be remembered that in 1890 a Vote of 40,000*l.* was taken in relief of liabilities under the Labourers Acts, and was appropriated as a Grant in Aid for Labourers' Cottages The guardians were somewhat Q. 2360. slow in making the necessary arrangements for taking advantage of this Vote; and lest any question should arise of surrendering the money to the Exchequer, an extension of time was allowed up to 31st March 1896. As an additional reason for affording the local authorities every chance, there is the consideration that this sum was Q. 2369. arrived at as an equitable adjustment between Ireland and Great Britain. Your Committee now learn that recently several authorities have established their claims to a part of this money.

CLASS III.

Vote 1.—Law Charges, England.

Q. 2373. 29. The Comptroller and Auditor General repeats his recommendation (given in previous years, and supported by the Public Accounts Committee) that messengers paid from a lump sum granted to the head of a department should be included in Schedule B. of the Order in Council of 4th June 1870. Your Committee now learn that this has been Q. 2373. done by notice in the "Gazette" of 5th February last. At the same time, it has been made Q. 2377. clear that they do not hereby become entitled to pension.

Vote 3.—Supreme Court of Judicature.

Q. 2379. 30. In his paragraph 2 the Comptroller and Auditor General observes that with reference to the retirement and removal of officers, the Bill introduced (Supreme Court Officers) in 1894 has been reintroduced during this Session. With that Bill there was a memorandum to the effect that the Order in Council could not be applied to the Legal Department without modifications, while the Bill declared that the age for retirement and removal of officers should be regulated by Order to be made by the Lord Chancellor, subject to the concurrence of the Treasury. If the Bill now before Parliament should Q. 2382. fail to pass—and, indeed, it has recently been withdrawn for the present Session— Q. 2385. then the question must remain *in statu quo*, as legislation is held to be necessary, in order to bring the officers of legal departments within the provisions of the Order in Council.

Vote 5.—County Courts.

31. In his paragraph 2 the Comptroller and Auditor General points out that payments, amounting to 1,482*l.*, have been made to clerks to county court registrars for carrying out orders of administration under the Bankruptcy Act; but that no provision Q. 2402 for such expenditure was made under this Sub-head. Your Committee now learn that the making of such payments was not decided upon until after the Vote had been taken. The arrangement was thought to be beneficial to the creditors, and the Treasury decided to make allowance at the rate of 5 per cent. on the amount collected, which Q. 2419. was within their power, as the amount is paid out of the Vote. It does not come from the fee fund, as the bankruptcy fees are all taken in stamps. To this arrangement your Committee see no objection.

Q. 2423. 32. In reference to the Report of the Public Accounts Committee of last year, the Comptroller and Auditor General adverts to the question as to whether the salaries of deputy

deputy judges should be placed on the Consolidated Fund, or upon the Vote. The subject having been commended to the further consideration of the Treasury they hold that these salaries should continue to be charged to the Vote. Your Committee would accept this conclusion. The objection raised by the Comptroller and Auditor General as to provision being made in the estimate has been removed. Q. 2425.

Loss by Failure of a Registrar.

33. The Comptroller and Auditor General reports that a further explanation regarding this loss was awaited. Your Committee now learn that recently this explanation has been received, and the Comptroller and Auditor General states that he sees no objection to the view of the Treasury, and that the loss may be written off. Q. 2434. Q. 2437.

34. This case led your Committee to inquire as to the sufficiency of the guarantees taken from registrars, for in this instance the amount lost was over and above the guarantee. It is explained to your Committee that the delinquent in this case was allowed by his fellow solicitors to collect all the money and to pay nothing at all, without any complaint being made, for six months. As a rule, the guarantee taken has proved sufficient. It is fixed on the number of plaints; for so many thousand of plaints the office gives so many hundred pounds guarantee. The departmental auditors audit the accounts every three months, and cause the money to be produced. The Treasury have now decided that all courts should keep banking accounts, which arrangement may, it is hoped, obviate the possibility of losses of this character recurring. Q. 2442. Q. 2440. Q. 2444. Q. 2446.

Unpaid Fines for Assaults on Bailiffs.

35. In his paragraph 5, the Comptroller and Auditor General draws attention to the failure in recovering these fines. Your Committee now learn that this was owing to threats of violence on the part of persons in the locality. It appears that now a greater strength of police is detached in order to protect the bailiff in the execution of his duty. Your Committee need not comment further on the matter, which relates to administration rather than to finance. Q. 2459. Q. 2469.

Appropriations-in-Aid.

36. In his paragraph 7, the Comptroller and Auditor General, referring to a possible test examination of receipts from fees and fines, gives his opinion to the effect that this is not necessary, because the work would have to be carried out at the various County Courts, whereas the accounts are already checked and certified by officers appointed by the Treasury under the County Courts Act of 1888. Your Committee agree with the Comptroller and Auditor General in considering that when an audit is conducted by one independent set of auditors on the spot, it is not worth the expense to send another set. This audit is conducted in most places every three months; in some of the smaller courts every six months. Q. 2476. Q. 2487.

VOTE 8.—PRISONS, ENGLAND AND THE COLONIES.

37. Your Committee observe that the local test examination of Store and Manufacturing Accounts (mentioned in the Comptroller and Auditor General's paragraph 7) which is entirely under his direction, has now been applied to all the prisons in England, with the aid of new regulations drawn up by Mr. Duncan, of the Prisons Department. Q. 2520. Q. 2521.

VOTE 9.—REFORMATORY AND INDUSTRIAL SCHOOLS, GREAT BRITAIN.

38. The Comptroller and Auditor General, in his paragraph 4, adverts to the more direct supervision of the collection of parents' contributions by the reformatory inspectors' agents. Your Committee now learn that an additional sub-inspector has been agreed to by the Treasury. Failing legislation, the Home Office hope to introduce some clauses into an Education Bill that may facilitate the collection of these contributions from the parents. Q. 2523.

Q. 2528-9. 39. In his paragraph 5, the Comptroller and Auditor General adverts to the arrears of parental contributions. Your Committee now learn that the total of these has been greatly reduced of late. That, however, does not arise from greater success in collecting, but arises simply from the writing off of a considerable portion, owing Q. 2529. to an official opinion given by the Chief Magistrate, Sir John Bridge. In that opinion the Treasury concur, and the effect is that proceedings to recover these arrears by summary process are subject to the limitation of time prescribed by Section 11, of 11 & 12 Vict. c. 43. On 31st March 1894, out of the amount mentioned in the Comptroller and Q. 2530. Auditor General's Report, namely, 47,000*l.*, only 11,865*l.* were outstanding. The collecting authorities state that most of these parents are in miserable and destitute circum- Q. 2536.* stances. Without undertaking either to affirm or to question that opinion, your Committee have impressed on those concerned the necessity of collecting the dues wherever the parents may be fairly able to pay.

Vote 10.—Broadmoor Criminal Lunatic Asylum.

Q. 2542. 40. In his paragraph 4, the Comptroller and Auditor General reports that in several respects the accounts of this Institution are not brought into line with those of the Prisons. Your Committee now learn that the Council of the Asylum have addressed a communication to the Comptroller and Auditor General. Their opinion apparently is Q. 2545. that the additional expenditure required for this purpose would not be justified by the result. This is, of course, an administrative question which the Comptroller and Auditor General will not undertake to settle. A representation to the Home Department Q. 2554. and the Treasury sanction would be required. Hereon your Committee concur in a Q. 2558. suggestion from the Treasury to the effect that an officer of theirs should proceed to Broadmoor and confer with the superintendent as to the desirability of bringing these particular accounts into line with the Prison Accounts. If an alteration in the accounts be undertaken it would probably cost from 240*l.* to 300*l.* per annum; and Q. 2575 Q. 2572. the real question appears to be whether the account shows properly the out-turn of work done by the inmates, who are both patients and prisoners.

Vote 12.—Register House, Edinburgh.

Q. 2665 41. In his paragraph 2, the Comptroller and Auditor General remarks that the extension of office for one year only to Mr. M'Neilie (since deceased) after he had attained the age of 70 years, was a breach of the Order of Council. This is one of the cases in which the Treasury undertook the responsibility of breaking the Order in the public interest. For this a particular reason has been assigned to your Committee. Q. 2665. It was, that he was retained for awhile, because his office was ultimately to be Q. 2701. abolished, and it was deemed important to avoid making an appointment to such an Q. 2702. office. It would be further desirable to abolish the office at once, as it is held to be Q. 2703. unnecessary; but the appointment is a statutory one, and it cannot be abolished without Q. 2704. legislation, which has not as yet been obtainable.

42. Your Committee recognise that this is, of course, a reason of a certain sort; but the question remains as to whether this is a reason of that imperative character which would justify the contravention of an Order in Council. And the same remark applies to the other cases on which your Committee have had to comment. This case is open to all the observations contained in preceding paragraph 12.

Vote 19.—Dublin Metropolitan Police.

Q. 2708. 43. Your Committee notice that a warrant for the recovery of money from the Clara and Banagher Railway Company was sent from the Dublin Police Office for execution by the Constabulary at Banagher. But the warrant was returned, with an endorsement to the effect that no sufficient goods of the company could be found there. Q. 2710 to 2714. In respect to this railway there seems to have been some administrative failure, which your Committee are not able to follow, as it may be beyond their province, but to which the attention of the Treasury may be well directed.

CLASS IV.

Vote 1.—Public Education, England and Wales.

44. In reference to the Smedley-street Board School (Manchester), the Comptroller and Auditor General remarks, in his paragraph 2, that although there would be hardship in withholding the Parliamentary grant from a school merely because the Education Department had been unable to arrange for its inspection, still the grant cannot be considered as properly made without inspection, with the reservation of extraordinary or unforeseen occurrences. Q. 2716.

45. This led your Committee to examine particularly the existing obligations of the Education Department in respect to inspection, especially as this inspection has by recent alterations in the Code been made the principal test upon which the money voted by Parliament is now dispensed among the schools throughout the kingdom, in supersession of the tests which previously existed. It is seen that several alterations have been of late years made in the Code, allowing more and more latitude to the Department in respect to inspection. The last of these alterations was in 1895, and ran as follows: "The inspector's annual visit to a school may, with the sanction of the "Department, be omitted." This gives the Department full discretion as regards inspection, and, as the Comptroller and Auditor General says, with the alteration in the Code above mentioned, the Department have now got absolute liberty to deal with the question of inspection as they see fit. Therefore he would not feel justified in questioning the validity of a grant because of the absence of inspection, and in that case your Committee may not have again to advert to this question. After some inquiry, your Committee understand that the Department endeavours to have an annual inspection for most or nearly all of the schools, and keep an emergency staff to supply accidental deficiencies, and so forth. Still, the Department reserves to itself the power of intermitting for a year or more the annual inspection of a school of known excellence where the grant would vary little, if at all, from year to year. The practice appears to be that when any inspector finds he cannot overtake his work, he recommends to the Education Department that the inspections of certain schools should be dispensed with, and he selects for that purpose those schools which have attained the highest standard of excellence. Your Committee are not prepared to object to the latest provision of the Code in regard to inspection, in the confidence that the Education Department will take care that Parliamentary money is never distributed without due precaution. Q. 2716. Q. 2731. Q. 2717. Q. 2757. Q. 2719. Q. 2748. Q. 2755.

Sub-Head G.—Fee Grant.

46. In his paragraph 3, the Comptroller and Auditor General states that in default of certain information he is unable to say whether a sum of 59*l.* 18*s.* is an over-payment or not. Your Committee now learn that the Education Department have afforded explanations to the Comptroller and Auditor General, and have treated this amount as an over-payment, deducting it from the grant. Q. 2759.

47. In reference to this over-payment, your Committee notice that a question arose as to whether certain payments amounting to 135*l.* 19*s.* 7*d.*, made by children were for the use of books, or for the purchase of the books. In the former case, that is, for the use of books, the amount would be treated as a fee, in which case the amount received by the managers would exceed the amount allowable by the Act of 1891. After correspondence, it was found that the payments were for the use of books, and not for purchase; hence the over-payment and recovery. Q. 2762.

Vote 2.—Department of Science and Art for the United Kingdom.

48. In his paragraph 2, the Comptroller and Auditor General, referring to Sub-Head D. I., observes that the Excess, 696*l.*, in 1892–93, would have been larger but for the fact that the claims respecting results of examinations had not been paid in the year; and that this fact ought to have been included in the explanation rendered. Q. 2770.

Q. 2771. Your Committee learn that in future regarding the existing facts of this nature explanations will always be rendered, and agree with the Comptroller and Auditor General that the explanation need refer only to claims received in the Office, and not dealt with, being still under examination, omitting claims that had not come in when the Appropriation Account is closed.

Q. 2783. 49. Your Committee observe that in this year when the Excess occurred there were arrear charges of previous years.

Vote 3.—British Museum.

Q. 2791. 50. In his paragraph 2, the Comptroller and Auditor General refers to two gentlemen over seventy years of age, who, having been retired under the Order in Council, were receiving remuneration for continued temporary employment. On that the question arises as to whether such employment is not a breach of the Order in Council. Your Committee learn that both were specialists employed to do some temporary work which has ceased or is ceasing. But your Committee must observe that it will be difficult always to distinguish between a temporary employment that has some continuity and employment that would contravene the Order; and they recommend that the Treasury should, so far as possible, prevent any further employment whatsoever being given to officers who have been retired under the Order.

Vote 5.—National Portrait Gallery.

Q. 2794. 51. Your Committee need not comment at any length on the breach of the Order in Council in the case of Sir George Scharf, deceased. It is, of course, open to all the remarks contained in the preceding paragraphs 12 and 41 of this Report.

Vote 9.—Public Education (Scotland).

52. In his paragraph 2, the Comptroller and Auditor General refers to the proper definition of a school week in respect to the ninepenny fee. It appears that the Education Department think they ought to show an equitable consideration in interpreting the law respecting these points. The claims come up in the end of the year. There is no power of graduating the grant or granting it in part; the whole grant must either be allowed or refused, and refusal might, perhaps, cause the loss of 1,000*l.* to a school. Q. 2796. In a particular case a doubt arose as to including one week in which the school met on Q. 2800. only three days out of the five. It was necessary to reckon that week in order to bring the school within the ninepenny fee. The Department considered on the whole that there was fair ground for doing so, seeing that the larger part of the week had been filled up. In other words, they held that the quarterly fee might be divided into a large enough number of weeks to bring the fee down to ninepence per week; and that for this Q. 2802. purpose the week might be considered as a working week (although not a complete Q. 2797. week) as the school had been open for the greater number of the days. The difference is as between 8$\frac{8}{13}$*d.* and 9$\frac{1}{4}$*d.* The cases arise but rarely, one or two in a year. The schools also are few, only 40 out of 3,300.

53. Your Committee are not disposed to question the discretion which the Department have exercised, but they think that jealous strictness ought to be observed by the Department to ensure that the schools conform to the intention of the law as reasonably interpreted.

Sub-Head F.—Payment without Inspection, under Article 10.

Q. 2806. 54. In his paragraph 3, the Comptroller and Auditor General adverts to a question similar to that already discussed in paragraph 45 of this Report. The Department desires to have, so far as possible, an annual inspection of all the schools. But some- Q. 2809. times, owing to such causes as the difficulties of travel in the Highlands during the winter, the inspection is dispensed with as regards certain schools known to be in a very Q. 2812. efficient state. There is no desire on the part of the best schools to see the inspection dispensed with; on the contrary, they rather wish to have it.

55. Still

55. Still your Committee concur with the Comptroller and Auditor General in thinking that when there was no inspection over a considerable district, as happened in one instance, the fact required notice. Your Committee learn that the Department attribute this to illness among the staff, to high pressure of work, and to the absence of any emergency staff such as that which has been seen to exist in England. Q. 2815. Q. 2816. Q. 2818.

Elementary Schools.

56. In his paragraph 4 the Comptroller and Auditor General shows that certain sums assigned out of the Local Taxation Account were distributed through local committees, who made grants to public elementary schools in respect of secondary education, and those grants have been included by the managers in the ordinary school accounts, and treated as income available for the purpose of determining the annual grant in respect of elementary education. This has been done by the Scotch Education Department with the sanction of the Treasury. He justly deems that the point requires notice, inasmuch as the result of this dealing with the funds allocated for secondary education has been to increase the charge upon the public in respect of elementary education. The Treasury, when sanctioning this, gave full reasons which your Committee have duly considered. The Treasury concludes that these moneys may properly be reckoned as part of "the income from all sources whatever other than the Parliamentary "grant of a Scotch elementary school," and that these sums do not appear to be of the nature of a Parliamentary grant, being voluntarily assigned by the county out of its share of the local taxation money. Q. 2821. Q. 2823.

Sub-Head K.—Training College Grants.

57. Your Committee notice that by his paragraph 5 the Comptroller and Auditor General virtually disallows an amount of 131*l.* against a training college at Aberdeen, which sum might have to be recovered. Your Committee learn that this college was cut off from the colleges at Edinburgh and Glasgow, and that the question is whether each of these colleges is to be counted as a separate institution without separate accounts, or whether this particular college can draw upon the credit standing in the name of the committee controlling all the colleges, so as to meet the grant to each of the colleges. It appears that in 1874, when these colleges were first established, the principle of counting them as common institutions under one committee was followed. The Education Department represent the question to your Committee thus: whether this college which was established by reducing the other colleges under the same committee is entitled to the benefit of the credits which stand in the name of that committee as a whole, or whether it must stand on its own basis altogether and make out its own credits separately. The credits arose on the students becoming certificated teachers. As at present informed, the Comptroller and Auditor General adheres to the opinion that the Aberdeen College stands on its own basis; which opinion would involve the disallowance of the above-mentioned sum. Your Committee would sustain the disallowance for the present. There appears to be a correspondence still going on, and the authorities of the college have recently adduced some fresh arguments with various details. If the college shall succeed in convincing the Comptroller and Auditor General, then the disallowed amount can be reconsidered hereafter. Q. 2833. Q. 2835. Q. 2837. Q. 2816. Q. 2847.

VOTE 11.—PUBLIC EDUCATION, IRELAND.

58. In his paragraph 4 the Comptroller and Auditor General states that he has suggested to the Education Commissioners that in certain respects the regulations and the practice should be brought into stricter conformity with each other. Your Committee learn that this has been done. Q. 2859.

59. In his paragraph 5 the Comptroller and Auditor General states that with reference to certain scholars the Commissioners are in correspondence with inspectors and managers. Your Committee learn that the result of that correspondence has been satisfactory, and that measures have been adopted to prevent irregularity in future. Q. 2860.

Vote 14.—Queen's Colleges, Ireland.

Q. 2854. 60. In his paragraph 2 the Comptroller and Auditor General reverts to the question as to whether the presidents of these colleges come within the Order in Council regarding retirement and age limit. In the opinion of the Treasury they do. But since the matter has been discussed in Parliament a committee has been appointed to consider how far the Order in Council ought to apply to gentlemen in such a position as these presidents. Meanwhile they remain temporarily in their positions. Before expressing their opinion, your Committee must await the report of the committee above mentioned.

Q. 2867. 61. In his paragraph 3 the Comptroller and Auditor General notices that the dividend on the Blarney Fund for four years remained unpaid, and that such local inquiry as he was able to make did not elicit a satisfactory response. Your Committee learn that practical action would have been taken but for the serious illness of the president of the Queen's College, Cork. They now consider that the special attention of the Treasury should be directed to the matter.

1 *July* 1895.

PROCEEDINGS OF THE COMMITTEE.

Wednesday, 26th June 1895.

MEMBERS PRESENT:

Sir RICHARD TEMPLE in the Chair.

Mr. Alpheus Morton.
Sir John Hibbert.
Sir Arthur Hayter.
Mr. Arthur O'Connor.
Mr. Buchanan.

DRAFT FIFTH REPORT, proposed by the *Chairman*, read the first time, as follows:

"CIVIL SERVICE APPROPRIATION ACCOUNTS.

"GENERAL.

"1. To his reports on the numerous Votes in the several Classes of these Services, the Comptroller and Auditor General prefixes a General Report. Q. 2023.

"2. In his paragraph 2 of this Report he reverts to a subject which has been more or less dealt with on previous occasions, namely, the new system of treating extra receipts, and receipts from the sale of fee-stamps, as Appropriations-in-Aid. He states that so long as exceptions remain to what may now be regarded as the general rule, the advantages of the system cannot be fully obtained. But he regards the question as one of administration beyond his province. In reference to the absence of entire uniformity in practice, the Treasury inform your Committee that they have endeavoured to apply the system as uniformly as possible, and quite recently it has been applied to an additional Department, namely, that of the Survey. There are, however, certain departments where the receipts are fluctuating, or where they are received and occur in payment again within the year, and so do not lend themselves to be applied in aid of Votes. Therefore, the Treasury, though anxious for uniform application, connot undertake that this object shall always be secured. Your Committee deem it sufficient for the present to impress the importance of this matter on all concerned. Q. 2024.

"3. Respecting the question of appropriating in aid of Votes the receipts from fee stamps in the same way as other extra receipts, the Treasury inform your Committee that this matter is still under consideration. Until the Treasury shall have arrived at a conclusion, your Committee can hardly offer an opinion. Q. 2024.

"4. In his paragraph 3, the Comptroller and Auditor General refers to the stamps affixed to documents in the Law Courts in Ireland. Herein there appears to be a want of security, first, as to correctness of the amounts of the stamps; secondly, as to the cancellation of stamps once used. The doubt appears to be strengthened by the fact that in 1892 inquiries under Treasury directions at Edinburgh led to the discovery that such fiscal losses had occurred in Scotland, to the adoption of precautions for their prevention in future, and to the association of an officer from the Inland Revenue Department with the officers of the Courts for the purpose of periodically checking and cancelling the stamps on all documents remaining in the custody of the Courts. Similar inquiries ought certainly to be made for England. Your Committee learn that the Treasury are giving their immediate attention to the subject. The examining of the cancellation of the stamps is being taken up by the Inland Revenue Department, and the testing of the correctness of the amounts is being conducted by one of the Treasury Officers of Accounts for all parts of the United Kingdom. The result of these proceedings will probably be apparent in the reports of next year. Meanwhile, your Committee hope that the precautions now being taken will prevent any leakage of the Government dues in these respects. Q. 2025. Q. 2031-2. Q. 2025 to Q. 2035.

"CLASS I.

"VOTE 1.—ROYAL PALACES.

"5. In his paragraph 2, the Comptroller and Auditor General, in respect to new works, the remodelling of the drain ge of Buckingham Palace, to be spread over two years, remarks that, whereas

whereas some saving had been expected, there has in reality been an excess. It appears, however
Q. 2049. that the saving which the Department effected to make in this work, in order to proceed with another work, namely, the clearing out the lake at Feagmore, did not become necessary; while on the other hand, it was found more convenient to expedite the Palace drainage, which caused some excess in the expenditure of the first year, within the limits of the Vote for that year. The Treasury sanctioned this arrangement, which was within their competency. And your Committee agree with
Q. 2050. the Comptroller and Auditor General that further remark is not required.

"VOTE 8.—REVENUE DEPARTMENT BUILDINGS, GREAT BRITAIN.

"6. In a contract for the construction of the Post-office at Maidenhead there was at first some loss, owing to the failure of a contractor. The Comptroller and Auditor General adverted to this
Q. 2057. matter in his paragraph 3, but reserved further comment till the completion of the building. Your
Q. 2059. Committee learn, however, that the building has subsequently been completed. And there was practically no loss from the failure of the first contract, inasmuch as a fresh contract was made for
Q. 2063. the completion of the work, and the expenditure was ultimately almost the same as if the first contractor had done the work.

"VOTE 9.—PUBLIC BUILDINGS, GREAT BRITAIN.

"7. In his paragraph 3, the Comptroller and Auditor General reports that when the Treasury sanctioned a sum of 360*l.*, for Survey Buildings, Southampton, there was a condition that half of
Q. 2065 to it should be saved on the sub-head, which condition has not been fulfilled. It appears, however,
Q. 2071. that after completion of the Vote the sanction of the Treasury was obtained, the matter being within their power. So your Committee agree with the Comptroller and Auditor General that no further remark is required.

"VOTE 12.—PETERHEAD HARBOUR.

"8. The Comptroller and Auditor General, in his paragraph 1, remarked that out of 27,660*l.* granted, only 18,485*l.* had been expended, leaving a difference of 9,174*l.*, regarding which he had
Q. 1703. not received sufficiently precise information. The Admiralty now inform your Committee that the above difference includes under-expenditure of 2,804*l.* for the breakwater and 6,505*l.* for the barge harbour. In reference to all this, there is explanation regarding the non-delivery of the crane, and the consequent impossibility of utilising the grab and so forth; the work in the barge harbour being carried on as far as possible by divers. The expenditure on the breakwater was reduced, owing to a long continuance of rough weather. But it is admitted that the estimate that one-half of the barge harbour could be completed in 1893-94 was too high. The admission that the estimate was too high is the point for which the Comptroller and Auditor General has contended.

Q. 1705. "9. But out of this there arises the question as to why the remains of materials in March
Q. 1707. 1894, as compared with March 1893, show a reduction of nearly 2,000*l.* This is in part accounted for by the loss of some valuable cement in a ship that went down. This loss did not come to the knowledge of the Comptroller and Auditor General until the explanation to the above effect was given to your Committee. Apparently the store accounts do not disclose the loss as yet; but the item must figure in the accounts of the Admiralty later on, together with some explanation of the circumstances of the loss, more full than the explanation as yet obtained by your Committee. Your Committee observe that there must be some deficiency of check in this case; but as the point may
Q. 1707 to be cleared up in the next account and Report they deem it sufficient for the present only, to draw
Q. 1726. the attention of the Comptroller and Auditor General and the Admiralty to the matter, with the intimation that the several points brought out in the evidence must, in their opinion, be cleared up in a future Report.

"VOTE 14.—PUBLIC WORKS AND BUILDINGS, IRELAND.

"10. In his paragraph 3, the Comptroller and Auditor General, referring to a former Report of his regarding the inadequacy of the certificate furnished in support of Grants-in-Aid of the Erection of National Schools, states that no arrangement has been arrived at in settlement of this
Q. 2073. question. Your Committee now learn that the National Education Commissioners have been in consultation with the Board of Works; they have framed certain amendments to the National
Q. 2075. Education Rules. This proposed settlement is under the consideration of the Treasury. The matter may prove to be one of some difficulty, as it involves the ascertaining of the fulfilment of the condition that half the cost of the school building is contributed from local sources. But until the Treasury shall have given some decision on the proposals recently submitted, your Committee are not able to form their conclusion.

"VOTE 15.—RAILWAYS, IRELAND.

Q. 2084. "11. In his paragraph 4, the Comptroller and Auditor General notices that a sum of 600*l.* was paid on the Achill Extension Railway in excess of what was considered to be due by the Engineer of the Board. It appears, however, that this payment was the result of a compromise of the dispute. As the Treasury see no objection to it, your Committee do not deem further remark to be necessary.

"CLASS II.

"Vote 5.—Foreign Office.

"12. In his paragraph 2, the Comptroller and Auditor General draws attention to the case of Sir Edward Hertslet, whose services in this office have been prolonged for two years, that is, till February 1896, after his retirement on pension at 70 years of age, with a special temporary salary of 333*l.* annually, which amount, together with his pension, equals his former salary of 1,000*l.*, the special salary being borne by the Foreign Office Vote and the pension by another Vote. Although the value of his services is unquestionable, and although on several subjects he is an authority hard to be replaced, yet it is on all hands admitted that this arrangement is in contravention of the Order in Council; and though it was sanctioned by the Treasury, yet there is no rule under which that sanction can be given; such authorisation is, indeed, beyond the power of any authority save Parliament itself. Still, the Treasury has of late, in more than one instance, undertaken the responsibility of breaking the Order in particular cases where the public interest is clear and undoubted. No discretion is vested in the Treasury by the Order in Council; still, it is held that occasionally such discretion must be exercised. The Treasury appear, indeed, to deprecate any such discretion being expressly vested in them, lest a pressure of applications should cause some latitude to creep into the observance of the Order. If the provision in the Order in Council is intended to be carried out strictly, it would be far better not to give a discretion in the Order itself, because the Treasury are able to adhere thereto much more strictly if they have not got the discretionary power vested in them. The Treasury declare themselves to be most unwilling to sanction these departures from the rule, and to be anxious to restrict them within the limits of actual necessity. Your Committee attach due weight to these several considerations; still, they must observe that this Order in Council includes many other matters besides pensions and retirements; that if it can be contravened by the Treasury in one matter it may be in any other or in all; and that if such contraventions were to become common the ordering of the Civil Service would be upset. Your Committee therefore consider that the Treasury ought not to comply with any applications contravening the Order in Council, incurring even some public detriment in order to secure the prime advantage of uniformly and unfailingly adhering to the rule. If a case should occur of real necessity for contravening the Order, then your Committee think that the Treasury should be under the obligation of making an application to Parliament.

Q. 2087. Q. 2100.

"Vote 8.—Law Charges.

"13. Your Committee observe that a large grant, 16,000*l.*, was taken, because in addition to ordinary things, a heavy lawsuit was expected. This lawsuit did not come off, consequently the expenses were only 13,000*l.*, leaving a considerable residue of the grant unexpended.

"Vote 9.—Bankruptcy Department of the Board of Trade.

"14. Your Committee notice the item described as 'Dividends on Funds,' invested under Section 70 of the Bankruptcy Act of 1883, as shown in the monthly cash accounts rendered by the Treasury under the head 'Deposit Fund Account,' and amounting to more than 20,000*l.* This, of course, represents a capital sum of about 670,000*l.* It appears that hereby is represented the amount of the bankruptcy funds, which are invested by the Treasury, and held on account of floating balances to the credit of the bankrupts' estate. The dividends, as received, are applied to the current expenses of the bankruptcy administration. There is a constant investment. The Board of Trade practically act as bankers for the Bankrupts' Estates Account, receiving the balances upon various accounts, and paying out the sums from day to day. There is always a large amount of such balances which can be invested, and which have to be realised whenever required. It is provided by the Bankruptcy Act that the income of these floating balances belongs to the Treasury; that is to say, it goes to the credit of the general account, and tends to reduce the general fees which are payable in respect of the bankruptcy administration. Moreover, the Treasury are able to invest balances which the trustees of bankruptcy estates could not possibly invest. But there is a provision in the Act to enable the trustees to secure the interest on behalf of their particular estates in cases where the moneys are not required for current purposes. But this power of withdrawing money from this large fund and placing it in local banks is not largely exercised, inasmuch as the trustees are generally anxious to distribute the available funds among the creditors as soon as possible. The amount realised out of the sum of 670,000*l.*, or thereabouts, is distributed among the creditors of the bankrupts' estates, but the current interest goes into the Treasury, not for the benefit of the particular estate but for the bankruptcy administration, by which all the estates benefit. Your Committee deem these various matters to be of moment; but they concur with the Comptroller and Auditor General in considering that there is not any point to which objection need be taken.

Q. 2147. Q. 2157. Q. 2158. Q. 2159. Q. 2160. Q. 2170. Q. 2160. Q. 2166. Q. 2165.

"Vote 10.—Board of Agriculture.

"15. Your Committee observe that some extra remuneration was paid to Major Tennant, the chief travelling inspector, which money had been recovered from the London County Council, for extraordinary work done for them in connection with muzzling for rabies. No doubt such extra payments to salaried officers whose whole time is claimed by Government are, as a rule, to be avoided,

Q. 2174 to Q. 2180.

and the making of them should be jealously watched. But on inquiry, specially made from the Board of Agriculture, your Committee learn that this officer did the particular work, which was quite outside the Governmental business, and pertained to a local or municipal body, while at the same time he discharged all his Governmental duties most efficiently. They, therefore, think that the payment was allowable.

Q. 2640 to Q. 2667.

"Vote 17.—Mercantile Marine Fund.

Q. 2195. "16. Your Committee observe that there is an improvement in the financial position of this fund, there being an increase of income of 16,984*l.*, and a decrease of expenditure of 55,098*l.*, the cash balance at the end of the year being 84,000*l.* The income, however, includes an exceptional item of 8,304*l.* received from the German Government for plant of the Heligoland Lighthouse, handed over on the final transfer of that light to Germany. This sum is at present placed to the credit of the general balance of the fund, but if the fund shall hereafter be in a sufficiently flourishing condition to make an investment, then the money will be invested as a part of the capital sum in order to pay off the present debt.

Q. 2197.

"*Relief of Distressed Seamen at the Mauritius.*

"17. Your Committee observe that in this Colony, perhaps from local causes, there has been more than usual difficulty in getting these seamen away from the place before they have spent the money received by them on their discharge, and before they fall into distress. It is difficult for the Board of Trade to control this affair, because the authorities in charge are colonial. Still a correspondence has been actively conducted, already resulting in some improvement.

Q. 2198.

Q. 2199.

Q. 2201. "18. Your Committee observe that the debt due to Greenwich Hospital, of 150,000*l.*, has not been reduced of late.

"*Questionable Charges for the Relief of Foreign Seamen.*

Q. 2207. "19. Your Committee observe that the proposed legislation has not been found practicable for bringing the provisions of the Merchant Shipping Act into harmony with the international agreements for the mutual relief of distressed seamen. The Board of Trade have issued a circular to consular and other officers reminding them that expenses should not be incurred in the relief of foreign seamen. Nevertheless, such expenses are occasionally incurred and charged to the Fund. It appears that from experience the Board of Trade have not thought it worth while to enter into a correspondence with foreign governments for the recovery of these small sums.

Q. 2214.

Q. 2220 to Q. 2225. "20. Your Committee observe that this question will be included in the several matters referred to the Departmental Committee now sitting for the purpose of inquiring into the position of the Mercantile Marine Fund.

Q. 2232. "21. The same observation in paragraph 19 is applicable to the matter of obliging shipowners to provide to their own shipwrecked seamen free passages home in vessels of their own line; also to the matter of the relief of Canadian seamen at British expense. Your Committee agree with the Comptroller and Auditor General that rules on these and other cognate subjects should be revised in reference to practice and practical possibilities, otherwise it is difficult for him to discharge his duties regarding the Mercantile Marine Fund; he has to report to Parliament payments made outside of or contrary to regulation, and the Board of Trade plead that questions of discretion, policy, and generosity must be admitted.

Q. 2230.

Q. 2244.

Q. 2245.

Q. 2263. "22. It may be added that the amounts recovered from the Colonies are all to the good, being outside the law altogether.

Q. 2269. "23. Your Committee notice the account shows a surplus to be surrendered of 2,212*l.* This surrender will be carried out by a deduction of this amount from the 40,000*l.* to be thereafter granted.

Q. 2291.

Vote 23.—Stationery and Printing.

"24. In his paragraph 2 the Comptroller and Auditor General draws attention to the increasing arrears in the examination of Printers' Accounts. Your Committee learn that the Treasury have met the difficulty by some additional establishment.

Q. 2281.

Store Accounts.

Q. 2305. "25. Your Committee notice that the local test examination of these Accounts is done by officers of the Comptroller and Auditor General. The value of the stock is certified by officers of the Department, and by professional stocktakers appointed by the Controller of Stationery. But the Comptroller and Auditor General has power to take stock for himself whenever he thinks it desirable.

Q. 2312.

Vote 28.—Fishery Board, Scotland.

Q. 2323 "26. Your Committee notice that in respect of sums alleged to be due from the co-guarantors of the Brae Extension, the Post Office do not feel themselves in a position to call on the co-guarantors

co-guarantors for payment of sums due for previous years; but that the Fishery Board are still further pressing this claim. The question seems to be one of legal liability, and your Committee must await the result of the efforts which the Fishery Board are making. Q. 2329.

"VOTE 33.—CHIEF SECRETARY FOR IRELAND.

"27. The Comptroller and Auditor General draws attention to what was virtually a double payment for the Secretarial Office at Dublin; a sum having been paid to Sir West Ridgeway for a certain period, during which Sir D. Harrel was also drawing salary as Under Secretary, your Committee found that though this arrangement was quite unusual, yet it arose out of Sir West Ridgeway's deputation to Morocco, and was sanctioned by the Treasury according to their powers. Q. 2334. Q. 2338.

"VOTE 35.—LOCAL GOVERNMENT BOARD, IRELAND.

"*Labourers' Cottages.*

"28. The Comptroller and Auditor General draws attention to the extension of time which has been allowed to the Irish Authorities for availing themselves of certain moneys which had been placed at their disposal. It is to be remembered that in 1890 a Vote of 40,000*l.* was taken in relief of liabilities under the Labourers Acts, and was appropriated as a Grant-in-Aid for Labourers' Cottages. The guardians were somewhat slow in making the necessary arrangements for taking advantage of this Vote; and, lest any question should arise of surrendering the money to the Exchequer, an extension of time was allowed up to 31st March 1896. As an additional reason for affording the local authorities every chance, there is the consideration that this sum was arrived at as an equitable adjustment between Ireland and Great Britain. Your Committee now learn that recently several authorities have established their claims to a part of this money. Q. 2358. Q. 2360. Q. 2369.

"CLASS III.

"VOTE 1.—LAW CHARGES, ENGLAND.

"29. The Comptroller and Auditor General repeats his recommendation (given in previous years and supported by the Public Accounts Committee) that messengers paid from a lump sum granted to the head of a department should be included in Schedule B. of the Order in Council of 4th June 1876. Your Committee now learn that this has been done by notice in the "Gazette" of 5th February last. At the same time, it has been made clear that they do not hereby become entitled to pension. Q. 2373. Q. 2373. Q. 2377.

"VOTE 3.—SUPREME COURT OF JUDICATURE.

"30. In his paragraph 2 the Comptroller and Auditor General observes that with reference to the retirement and removal of officers, the Bill introduced (Supreme Court Officers) in 1894 has been reintroduced during this Session. With that Bill there was a memorandum to the effect that the Order in Council could not be applied to the Legal Department without modifications, while the Bill declared that the age for retirement and removal of officers should be regulated by Order to be made by the Lord Chancellor, subject to the concurrence of the Treasury. If the Bill now before Parliament should fail to pass—and, indeed, it has recently been withdrawn for the present Session—then the question must remain *in statu quo*, as legislation is held to be necessary, in order to bring the officers of legal departments within the provisions of the Order in Council. Q. 2379. Q. 2382. Q. 2385.

"VOTE 5.—COUNTY COURTS.

"31. In his paragraph 2 the Comptroller and Auditor General points out that payments, amounting to 1,482*l.*, have been made to clerks to county court registrars for carrying out orders of administration under the Bankruptcy Act; but that no provision for such expenditure was made under this Sub-head. Your Committee now learn that the making of such payments was not decided upon until after the Vote had been taken. The arrangement was thought to be beneficial to the creditors, and the Treasury decided to make allowance at the rate of 5 per cent. on the amount collected, which was within their power; as the amount is paid out of the Vote. It does not come from the fee fund, as the bankruptcy fees are all taken in stamps. To this arrangement your Committee see no objection. Q. 2402. Q. 2419.

"32. In reference to the Report of the Public Accounts Committee of last year, the Comptroller and Auditor General adverts to the question as to whether the salaries of deputy judges should be placed on the Consolidated Fund, or upon the Vote. The subject having been commended to the further consideration of the Treasury they hold that these salaries should continue to be charged to the Votes. Your Committee would accept this conclusion. The objection raised by the Comptroller and Auditor General as to provision being made in the estimate has been removed. Q. 2423. Q. 2425.

"*Loss by Failure of a Registrar.*

Q. 2434. "33. The Comptroller and Auditor General reports that a further explanation regarding this loss was awaited. Your Committee now learn that recently this explanation has been received, and the Comptroller and Auditor General states that he sees no objection to the view of the Treasury, and Q. 2437. that the loss may be written off.

Q. 2442. "34. This case led your Committee to inquire as to the sufficiency of the guarantees taken from registrars, for in this instance the amount lost was over and above the guarantee. It is Q. 2440. explained to your Committee that the delinquent in this case was allowed by his fellow solicitors to collect all the money and to pay nothing at all, without any complaint being made, for six months. As a rule, the guarantee taken has proved sufficient. It is fixed on the number of plaints; for so Q. 2444. many thousand of plaints the office gives so many hundred pounds guarantee. The departmental auditors audit the accounts every three months, and cause the money to be produced. The Treasury Q. 2446. have now decided that all courts should keep banking accounts, which arrangement may, it is hoped, obviate the possibility of losses of this character recurring.

"*Unpaid Fines for Assaults on Bailiffs.*

Q. 2459. "35. In his paragraph 5, the Comptroller and Auditor General draws attention to the failure in recovering these fines. Your Committee now learn that this was owing to threats of violence on the part of persons in the locality. It appears that now a greater strength of police is detached Q. 2469. in order to protect the bailiff in the execution of his duty. Your Committee need not comment further on the matter, which relates to administration rather than to finance.

"Appropriations-in-Aid.

Q. 2476. "36. In his paragraph 7, the Comptroller and Auditor General, referring to a possible test examination of receipts from fees and fines, gives his opinion to the effect that this is not necessary, because the work would have to be carried out at the various County Courts, whereas the accounts are already checked and certified by officers appointed by the Treasury under the County Courts Act of 1888. Your Committee agree with the Comptroller and Auditor General in considering that when an audit is conducted by one independent set of auditors on the spot, it is not worth the expense to send another set. This audit is conducted in most places every three months; in some Q. 2487. of the smaller courts, every six months.

"Vote 8.—Prisons, England and the Colonies.

Q. 2520. "37. Your Committee observe that the local test examination of Store and Manufacturing Accounts (mentioned in the Comptroller and Auditor General's paragraph 7), which is entirely Q. 2521. under his direction, has now been applied to all the prisons in England, with the aid of new regulations drawn up by Mr. Duncan, of the Prisons Department.

"Vote 9.—Reformatory and Industrial Schools, Great Britain.

"38. The Comptroller and Auditor General, in his paragraph 4, adverts to the more direct supervision of the collection of parents' contributions by the reformatory inspectors' agents. Your Committee now learn that an additional sub-inspector has been agreed to by the Treasury. Failing legislation, the Home Office hope to introduce some clauses into an Education Bill that may Q. 2523. facilitate the collection of these contributions from the parents.

Q. 2528-9. "39. In his paragraph 5, the Comptroller and Auditor General adverts to the arrears of parental contributions. Your Committee now learn that the total of these has been greatly reduced of late. That, however, does not arise from greater success in collecting, but arises simply from Q. 2529. the writing off of a considerable portion, owing to an official opinion given by the Chief Magistrate, Sir John Bridge. In that opinion the Treasury concur, and the effect is that proceedings to recover these arrears by summary process are subject to the limitation of time prescribed by Section 11, of 11 & 12 Vict. c. 43. On 31st March 1894, out of the amount mentioned in the Comptroller and Auditor General's Report, namely, 47,000*l.*, only 11,865*l.* were outstanding. The Q. 2530. collecting authorities state that most of these parents are in miserable and destitute circumstances. Without undertaking either to affirm or to question that opinion, your Committee have impressed Q. 2536.* on those concerned the necessity of collecting the dues wherever the parents may be fairly able to pay.

"Vote 10.—Broadmoor Criminal Lunatic Asylum.

"40. In his paragraph 4, the Comptroller and Auditor General reports that in several respects Q. 2542. the accounts of this Institution are not brought into line with those of the Prisons. Your Committee now learn that the Council of the Asylum have addressed a communication to the Comptroller and Q. 2545. Auditor General. Their opinion apparently is that the additional expenditure required for the purpose would not be justified by the result. This is, of course, an administrative question which the

the Comptroller and Auditor General will not undertake to settle. A representation to the Home Department and the Treasury sanction would be required. Hereon your Committee concur in a suggestion from the Treasury to the effect that an officer of theirs should proceed to Broadmoor and confer with the superintendent as to the desirability of bringing these particular accounts into line with the Prison Accounts. If an alteration in the accounts be undertaken it would probably cost from 240*l.* to 300*l.* per annum ; and the real question appears to be whether the Account shows properly the out-turn of work done by the inmates, who are both patients and prisoners. Q. 2554. Q. 2558. Q. 2575. Q. 2572.

"VOTE 12.—REGISTER HOUSE, EDINBURGH.

"41. In his paragraph 2 the Comptroller and Auditor General remarks that the extension of office for one year only to Mr. M'Neilie (since deceased) after he had attained the age of 70 years, was a breach of the Order of Council. This is one of the cases in which the Treasury undertook the responsibility of breaking the Order in the public interest. For this a particular reason has been assigned to your Committee. It was, that he was retained for awhile, because his office was ultimately to be abolished, and it was deemed important to avoid making an appointment to such an office. It would be further desirable to abolish the office at once, as it is held to be unnecessary ; but the appointment is a statutory one, and it cannot be abolished without legislation, which has not as yet been obtainable. Q. 2665. Q. 2665. Q. 2701. Q. 2702. Q. 2703. Q. 2704.

"42. Your Committee recognise that this is, of course, a reason of a certain sort ; but the question remains as to whether this is a reason of that imperative character which would justify the contravention of an Order in Council. And the same remark applies to the other cases on which your Committee have had to comment. This case is open to all the observations contained in preceding paragraph 12.

"VOTE 19.—DUBLIN METROPOLITAN POLICE.

"43. Your Committee notice that a warrant for the recovery of money from the Clara and Banagher Railway Company was sent from the Dublin Police Office for execution by the Constabulary at Banagher. But the warrant was returned, with an endorsement to the effect that no sufficient goods of the company could be found there. In respect to this railway there seems to have been some administrative failure, which your Committee are not able to follow, as it may be beyond their province, but to which the attention of the Treasury may be well directed. Q. 2708. Q. 2710 to 2714.

"CLASS IV.—EDUCATION, SCIENCE, AND ART.

"VOTE 1.—PUBLIC EDUCATION, ENGLAND AND WALES.

"44. In reference to the Smedley-street Board School (Manchester), the Comptroller and Auditor General remarks, in his paragraph 2, that although there would be hardship in withholding the Parliamentary grant from a school merely because the Education Department had been unable to arrange for its inspection, still the grant cannot be considered as properly made without inspection, with the reservation of extraordinary or unforeseen occurrences. Q. 2716.

"45. This led your Committee to examine particularly the existing obligations of the Education Department in respect to inspection, especially as this inspection has by recent alterations in the Code been made the principal test upon which the money voted by Parliament is now dispensed among the schools throughout the kingdom, in supersession of the tests which previously existed. It is seen that several alterations have been of late years made in the Code, allowing more and more latitude to the Department in respect to inspection. The last of these alterations was in 1895, and ran as follows : "The inspector's annual visit to a school may, with the sanction of the Department, "be omitted." This gives the Department full discretion as regards inspection, and, as the Comptroller and Auditor General says, with the alteration in the Code above-mentioned, the Department have now got absolute liberty to deal with the question of inspection as they see fit. Therefore he would not feel justified in questioning the validity of a grant because of the absence of inspection, and in that case your Committee may not have again to advert to this question. After some inquiry, your Committee understand that the Department endeavours to have an annual inspection for most or nearly all of the schools, and keep an emergency staff to supply accidental deficiencies, and so forth. Still, the Department reserves to itself the power of intermitting for a year or more the annual inspection of a school of known excellence where the grant would vary little, if at all, from year to year. The practice appears to be that when any inspector finds he cannot overtake his work, he recommends to the Education Department that the inspections of certain schools should be dispensed with, and he selects for that purpose those schools which have attained the highest standard of excellence. Your Committee are not prepared to object to the latest provision of the Code in regard to inspection, in the confidence that the Education Department will take care that Parliamentary money is never distributed without due precaution. Q. 2716. Q. 2731. Q. 2717. Q. 2757. Q. 2719. Q. 2748. Q. 2755.

"SUB-HEAD G.—FEE GRANT.

"46. In his paragraph 3, the Comptroller and Auditor General states that in default of certain information he is unable to say whether a sum of 59*l.* 18*s.* is an overpayment or not. Your Q. 2759.

Committee now learn that the Education Department have afforded explanations to the Comptroller and Auditor General, and have treated this amount as an overpayment, deducting it from the grant.

Q. 2762. "47. In reference to this overpayment, your Committee notice that a question arose as to whether certain payments, amounting to 135*l.* 19*s.* 7*d.*, made by children were for the use of books, or for the purchase of the books. In the former case, that is, for the use of books, the amount would be treated as a fee, in which case the amount received by the managers would exceed the amount allowable by the Act of 1891. After correspondence, it was found that the payments were for the use of books, and not for purchase; hence the overpayment and recovery.

"Vote 2.—Department of Science and Art for the United Kingdom.

Q. 2770. "48. In his paragraph 2, the Comptroller and Auditor General, referring to Sub-Head D., observes that the Excess, 696*l.*, in 1892–93, would have been larger but for the fact that the claims respecting results of examinations had not been paid in the year; and that this fact ought to have been included in the explanation rendered. Your Committee learn that in future regarding the
Q. 2771. existing facts of this nature explanations will always be rendered, and agree with the Comptroller and Auditor General that the explanation need refer only to claims received in the Office, and not dealt with, being still under examination, omitting claims that had not come in when the Appropriation Account is closed.

Q. 2783. "49. Your Committee observe that in this year when the Excess occurred there were arrear charges of previous years.

"Vote 3.—British Museum.

Q. 2791. "50. In his paragraph 2 the Comptroller and Auditor General refers to two gentlemen over 70 years of age, who, having been retired under the Order in Council, were receiving remuneration for continued temporary employment. On that the question arises as to whether such employment is not a breach of the Order in Council. Your Committee learn that they were specialists employed to do some temporary work which has ceased or is ceasing. There may indeed be some doubt as to whether these cases are quite in contravention of the Order. But your Committee must observe that it will be difficult always to discriminate a temporary employment that has some continuity from employment that would contravene the Order: and they recommend that the Treasury should, so far as possible, prevent any further employment whatsoever being given to officers who have been retired under the Order.

"Vote 5.—National Portrait Gallery.

Q. 2794. "51. Your Committee need not comment at any length on the breach of the Order in Council in the case of Sir George Scharf, deceased. It is, of course, open to all the remarks contained in the preceding paragraphs 12 and 40 of this Report.

"Vote 9.—Public Education (Scotland).

"52. In his paragraph 2 the Comptroller and Auditor General refers to the proper definition of a school week in respect to the ninepenny fee. It appears that the Education Department think they ought to show an equitable consideration in interpreting the law respecting these points. The claims come up in the end of the year. There is no power of graduating the grant or granting it in part; the whole grant must either be allowed or refused, and refusal might, perhaps, cause the loss of 1,000*l.* to a school. In a particular case a doubt arose as to including one week in which the school met on only three days out of the five. It was necessary to reckon that week in order to
Q. 2796. bring the school within the ninepenny fee. The Department considered on the whole that there
Q. 2800. was fair ground for doing so, seeing that the larger part of the week had been filled up. In other words, they held that the quarterly fee might be divided into a large enough number of weeks to bring the fee down to ninepence per week; and that for this purpose the week might be considered as a working week (although not a complete week) as the school had been open for the greater
Q. 2802. number of the days. The difference is as between 8¾*d.* and 9¼*d.* The cases arise but rarely; one
Q. 2797. or two in a year. The schools also are few, only 40 out of 3,300.

"53. Your Committee are not disposed to question the discretion which the Department have exercised, but they think that jealous strictness ought to be observed by the Department to ensure that the schools conform to the intention of the law as reasonably interpreted.

"Sub-Head F.—Payment without Inspection, under Article 10

Q. 2805. "54. In his paragraph 3 the Comptroller and Auditor General adverts to a question similar to that already discussed in paragraph 42 of this Report. The Department desires to have, so far as
Q. 2800 possible, an annual inspection of all the schools. But sometimes, owing to such causes as the difficulties of travel in the Highlands during the winter, the inspection is dispensed with as regards certain

certain schools known to be in a very efficient state. There is no desire on the part of the best schools to see the inspection dispensed with; on the contrary, they rather wish to have it. Q. 2812.

"55. Still, your Committee concur with the Comptroller and Auditor General in thinking that when there was no inspection over a considerable district, as happened in one instance, the fact required notice. Your Committee learn that the Department attribute this to illness among the staff, to high pressure of work, and to the absence of any emergency staff such as that which has been seen to exist in England. Q. 2815. Q. 2816. Q. 2818.

"Elementary Schools.

"56. In his paragraph 4 the Comptroller and Auditor General shows that certain sums assigned out of the Local Taxation Account were distributed through local committees, who made grants to public elementary schools in respect of secondary education, and those grants have been included by the managers in the ordinary school accounts, and treated as income available for the purpose of determining the annual grant in respect of elementary education. This has been done by the Scotch Education Department with the sanction of the Treasury. He justly deems that the point requires notice, inasmuch as the result of this dealing with the funds allocated for secondary education has been to increase the charge upon the public in respect of elementary education. The Treasury, when sanctioning this, gave full reasons which your Committee have duly considered. The Treasury concludes that these moneys may properly be reckoned as part of 'the income from 'all sources whatever other than the Parliamentary grant of a Scotch elementary school,' and that these sums do not appear to be of the nature of a Parliamentary grant, being voluntarily assigned by the county out of its share of the local taxation money. Q. 2821. Q. 2823.

"57. In so far as this question may be one of law your Committee would not question the view of the Treasury, which would be based on the opinion of the Law Officers. But in so far as the question may be administrative your Committee are unable to express concurrence in this arrangement, which can hardly have been within the intention of Parliament, as by it the taxpayer pays twice over; for the local taxation money is imperial in its source, and so is the augmented grant. Moreover, such use of the local taxation money is not allowed in England. Q. 2827.

"Sub-Head K.—Training College Grants.

"58. Your Committee notice that by his paragraph 5 the Comptroller and Auditor General virtually disallows an amount of 131*l.* against a training college at Aberdeen, which sum might have to be recovered. Your Committee learn that this college was cut off from the colleges at Edinburgh and Glasgow, and that the question is whether each of these colleges is to be counted as a separate institution without separate accounts, or whether this particular college can draw upon the credit standing in the name of the committee controlling all the colleges, so as to meet the grant to each of the colleges. It appears that in 1874, when these colleges were first established, the principle of counting them as common institutions under one committee was followed. The Education Department represent the question to your Committee thus: whether this college which was established by reducing the other colleges under the same committee is entitled to the benefit of the credits which stand in the name of that committee as a whole, or whether it must stand on its own basis altogether and make out its own credits separately. The credits arose on the students becoming certificated teachers. As at present informed, the Comptroller and Auditor General adheres to the opinion that the Aberdeen College stands on its own basis; which opinion would involve the disallowance of the above-mentioned sum. Your Committee would sustain the disallowance for the present. There appears to be a correspondence still going on, and the authorities of the college have recently adduced some fresh arguments with various details. If the college shall succeed in convincing the Comptroller and Auditor General, then the disallowed amount can be reconsidered hereafter. Q. 2833. Q. 2835. Q. 2837. Q. 2816. Q. 2847.

"Vote 11.—Public Education, Ireland.

"59. In his paragraph 4 the Comptroller and Auditor General states that he has suggested to the Education Commissioners that in certain respects the regulations and the practice should be brought into stricter conformity with each other. Your Committee learn that this has been done. Q. 2859.

"60. In his paragraph 5 the Comptroller and Auditor General states that with reference to certain scholars the Commissioners are in correspondence with inspectors and managers. Your Committee learn that the result of that correspondence has been satisfactory, and that measures have been adopted to prevent irregularity in future. Q. 2860.

"Vote 14.—Queen's Colleges, Ireland.

"61. In his paragraph 2 the Comptroller and Auditor General reverts to the question as to whether the presidents of these colleges come within the Order in Council regarding retirement and age limit. In the opinion of the Treasury they do. But since the matter has been discussed in Parliament a committee has been appointed to consider how far the Order in Council ought to apply Q. 2854.

apply to gentlemen in such a position as these presidents. Meanwhile they remain temporarily in their positions. Before expressing their opinion, your Committee must await the report of the committee above mentioned.

Q. 2867. "62. In his paragraph 3 the Comptroller and Auditor General notices that the dividend on the Blayney Fund for four years remained unpaid, and that such local inquiry as he was able to make did not elicit a satisfactory response. Your Committee learn that practical action would have been taken but for the serious illness of the president of the college. They now consider that the special attention of the Treasury should be directed to the matter.

Question, That the Report be read a second time, paragraph by paragraph, put and *agreed to.*

Paragraphs 1–49, *agreed to.*

Paragraph 50, amended and *agreed to.*

Paragraphs 51–56, *agreed to.*

Paragraph 57, *disagreed to.*

Paragraphs 58–62, *agreed to.*

Question, That this Report, as amended, be the Report of the Committee to the House, put and *agreed to.*

Ordered, To report, together with the Minutes of Evidence and an Appendix.

[Adjourned till Friday next, at Twelve o'clock.

MINUTES OF EVIDENCE.

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MINUTES OF EVIDENCE.

Wednesday, 15th May 1895.

MEMBERS PRESENT:

Mr. Bartley.
Mr. Buchanan.
Mr. Cameron Corbett.
Sir John Gorst.
Mr. Hanbury.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Alpheus Morton.
Mr. Mowbray.
Mr. Philip Stanhope.
Sir Richard Temple.
Mr. Thornton.
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SIR RICHARD TEMPLE, BART., IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893-94.

Sir CHARLES LISTER RYAN, K.C.B., and Sir EDWARD W. HAMILTON, K.C.B., called in; and Examined.

Chairman.

2023. (To Sir *C. L. Ryan.*) Is there any point in your General Report to which you think the attention of the Committee ought specially to be drawn, or on which the Committee ought to take evidence?—I think possibly the Committee may not consider it necessary to dwell upon the second paragraph, which relates to extra receipts and receipts from the sale of fee stamps; but at the end of the Report they will see a letter appended from the Treasury, and I think possibly the Committee might like to ask the Treasury what proceedings have been taken with regard to that matter.

2024. (To Sir *E. W. Hamilton.*) Our attention is directed to a letter of the 1st of November 1894 (letter A.), appended to the General Report. In the last paragraph but one of that letter, the Comptroller and Auditor General says that, "It appears that the investigations of the Queen's and Lord Treasurer's Remembrancer, and the Controller of Stamps and Taxes, which were instituted under Treasury directions at Edinburgh in 1892, led to the discovery that such losses had in some instances occurred in Scotland, and to the adoption of precautions for their prevention in future, and to the association of an officer of the Inland Revenue Department with the officers of the courts for the purpose of periodically checking and cancelling the stamps upon all documents remaining in the custody of the courts"; and in the last paragraph he says that he is "not aware that any similar investigations have been made as regards England and Ireland, and, in view of the large number of public Departments in the three countries in which fees are collected by means of stamps, he considers it his duty to bring the subject generally under the consideration of the Lords Commissioners of Her Majesty's Treasury." In regard to that same subject the Comptroller and Auditor General states, at the end of paragraph 2 of his General Report: "It is apparent that, so long as exceptions remain to what may now be regarded as the general rule, the two advantages to which I have alluded cannot be considered as wholly attained. The question of the more complete application of the new system of treating extra receipts as Appropriations in Aid is so entirely one of administration that I do not consider it within my province to express any opinion as to its desirability or otherwise." Upon the whole subject mentioned in paragraph 2, as elucidated by that letter A., have you any remarks you would like to make to the Committee?—I would point out that letter A. does not refer to paragraph 2 on which you are asking the question, but that it refers to paragraph 3. The question raised by the Comptroller and Auditor General in paragraph 2 has reference to the appropriation of extra receipts in aid of Votes, and what he calls attention to is the absence of total uniformity in practice. I may say that we have endeavoured to apply the system there referred to as uniformly as possible; and, indeed, since this Report was written the system has been applied to one Department, the Survey Department. But I think it will be readily understood that there are certain extra receipts in certain Departments to which that kind of treatment is not applicable; as, for instance, if they are of a very fluctuating kind, or if they are received at particular times of the year only. In those cases they do not lend themselves to be applied in aid of Votes. Therefore, although this is a matter that the

Chairman—continued.

Chairman—continued.

Treasury have constantly in view, they cannot undertake that there will be absolute uniformity. With regard to the other question relating to the appropriation in aid of Votes, of receipts from fee stamps, that raises a rather large question. It is a matter that the Treasury have had, and still have, under their consideration, and they will give it their attention. I am not prepared at present to say whether it will be practicable to apply the system of appropriation to receipts from fee stamps in the same way as to other extra receipts.

2025. Does your answer now cover the points mentioned in paragraph 3?—No; it applies only to paragraph 2. Paragraph 3 is quite a distinct question, raised by the Comptroller and Auditor General. It has reference to the stamps affixed to documents in the Law Courts in Ireland. I may say that it is a question to which the Treasury have given their attention, and are giving their attention, as are also the Inland Revenue Department. There is no reason to suppose that there is anything wrong in the system; but in view of the remarks of the Comptroller and Auditor General, the question of cancellation is being taken up by the Inland Revenue Department, and the question of the correctness of the amounts in value of the stamps affixed to the documents will be, I think, inquired into personally by one of the Treasury Officers of Accounts.

2026. (To Sir *C. L. Ryan.*) Have you any remarks to make upon what Sir Edward Hamilton has said?—The subject seems to be in process of consideration, and I have nothing further to remark at the present stage.

2027. Is there any inquiry you would suggest for the Committee to make?—No; I think the Treasury have the matter in hand, and I presume they will apply the inquiry to England as well as to Ireland and Scotland; but I have nothing to suggest upon that point now.

2028. You think that what applies to Ireland should also apply to England?—I think there should be an inquiry on the same lines for England as well as for Ireland. I know officially there is to be an inquiry for Ireland; because I have been so informed by the Treasury; but I have not been informed whether it is intended to make any similar inquiry in regard to England.

2029. (To Sir *E. W. Hamilton.*) Can you inform us whether the Treasury intend to make a similar inquiry for England?—I think there can be no possible objection to having a similar inquiry.

2030. May we understand that the Treasury will take that into consideration?—Certainly.

Mr. *Hanbury.*

2031. In Scotland it was discovered in 1892 that there were losses in consequence of stamps of insufficient value being placed upon documents?—Yes.

2032. In that case you adopted a definite remedy; directly it was discovered in Scotland, you took precautions, and an officer of the Inland Revenue Department was associated with an officer of the courts for the purpose of periodically checking and cancelling the stamps upon all documents remaining in the custody of the courts?—Yes, that is being done at the present moment.

2033. Is the same thing being done now in Ireland and England?—The Inland Revenue Department have been directed to send an officer to Ireland to inquire into the subject.

2034. Is it being done in England?—The direction was to include England as well.

2035. Then may I take it that there is an official in both those countries doing the same work as is being done in Scotland?—At present we are simply making inquiries.

2036. I suppose he could check not only the use of stamps of insufficient value, but also the use of these cancelled stamps?—Yes; the proper cancellation of the stamps is the second point.

Mr. *Arthur Williams.*

2037. In the case of a deed the stamp is impressed at Somerset House, is it not?—In most cases.

2038. Taking adhesive stamps, to what kind of documents are adhesive stamps largely attached?—I am afraid I could not exactly specify the documents; there are all kinds of documents.

2039. A very large proportion of the stamp duty which is collected would arise in cases where the stamp is officially impressed, as in the case with deeds?—No doubt. That is done, I fancy, wherever it is possible, but it is not possible in all cases.

2040. Could you tell me how large a proportion of the revenue which is derived from stamps is derived from the impressed stamps?—I could not give the information. I do not know if the Commissioners of Inland Revenue could give the information.

2041. Of course we are aware from our experience that in the Telegraph Department there is an order that the adhesive stamp is to be affixed by the person sending the telegram?—Yes.

2042. The second point to which Mr. Hanbury alluded appears to me to be a very important point?—That is the point to which the special attention of the Treasury was called.

2043. I take it a considerable sum is paid for the adhesive stamps attached?—Yes.

2044. If those stamps are not cancelled, but the duty is paid over the counter, as we may say, to the officer and the stamp is not impressed, very large frauds might be perpetrated?—Yes; but the Committee will understand we have no reason to suppose there is anything of the sort.

2045. But there is a possibility of very large frauds. I understand that directly attention was called to it by the Comptroller and Auditor General you took steps to guard against any fraud?—The Inland Revenue are sending a man over to Dublin.

2046. I do not see how that is to lead to protecting the revenue from fraud; what do they propose to do?—We have not yet heard what their proposal is.

2047. (To

Mr. *Mowbray.*

2047. (To Sir *C. L. Ryan.*) In paragraph 2 you speak of the very large extension of the practice of treating extra receipts as Appropriations in Aid; has that practice been extended between the time of your last Report and this Report?—I think it has been in process of extension for some time, and there was a very marked extension that was dealt with in the Report preceding this Report.

Mr. *Mowbray*—continued.

2048. That I am aware of; but has there been a further extension in the accounts to which this Report refers?—I think not; I am not aware that there has.

Class I.

Public Works and Buildings.

Mr. Henry William Primrose, C.B., C.S.I., called in; and Examined.

On Vote 1.

Royal Palaces and Marlborough House.

Chairman.

2049. May I draw your attention to the last part of paragraph 2 of the Comptroller and Auditor General's Report on this Vote in regard to "New Works." The Comptroller and Auditor General says that so far from there having been a saving in this service (referring to the sanitary works in Buckingham Palace), there has been a considerable excess; have you any remarks to make to the Committee regarding the excess; that is to say, as to whether it was necessary, and how it occurred. It was properly authorised, I believe?—Yes. The work of remodelling the drainage of Buckingham Palace was to be carried out in two years, the total expense being 8,500*l.*; that was our estimate. We proposed to spend 3,500*l.* in the first year, and 5,000*l.* in the second. When the cleaning out of the lake at Frogmore became necessary, we desired to assure the Treasury that it would be possible to make this saving of 750*l.* for cleaning out the lake at Frogmore; and therefore we said, or we intended to say (for we said rather more), that if it were absolutely necessary we would stop the works on the remodelling of the drainage at an earlier point than we otherwise should have done in order to make this saving. We did not find it necessary to do so because the savings were made in other directions, and it was both more convenient, and in the end cheaper, to do the amount of work we did do on the drainage in the year, thereby diminishing the work that would have to be done in the following year without affecting the total expenditure as against the total estimate. I think the Treasury understood our application in that way. We certainly put it rather more positively than we intended to do in the way of saying that we should save it from that particular service; but that was rather a fault of expression in our letter than anything else. We merely meant to give the Treasury the assurance that a definite saving could be made, if necessary.

Chairman—continued.

2050. (To Sir *C. L. Ryan.*) Have you any remark to make upon the explanation that he has been given?—It is rather a question for the Treasury; if they are satisfied with the explanation I have nothing further to say.

2051. (To Sir *E. W. Hamilton.*) What is the opinion of the Treasury on the point?—I think the Treasury is quite satisfied. The general understanding of the Treasury was that the Vote should not be exceeded, and it was not exceeded.

2052. I suppose it is really a question of the redistribution of money between two years?—No; it was more a question of redistribution under Sub-Heads.

Mr. *Hanbury.*

2053. (To Mr. *Primrose.*) Under what Sub-Head would the cleaning out of the lake at Frogmore come?—The honourable Member will see it under Sub-Head D., New Works, Alterations and Additions, on page 4 of the Account.

Mr. *Mowbray.*

2054. (To Sir *E. W. Hamilton.*) I gather that the particular Sub-Head was not exceeded, but you did not object because the Vote as a whole was not exceeded?—Quite so. On the whole Vote, Vote 1, there is a surplus of 317*l.* 15*s.* 6*d.*, as appears on page 3.

On Votes 2 to 7.

Chairman.

2055. (To Sir *C. L. Ryan.*) As regard the following Votes 2, 3, 4, 5, 6, and 7, do I rightly understand from your Report, and from yourself, that on these Votes, so far as you know, no question specially arises for the consideration of the Committee?—I think I may say the only observations which are made with regard to those Votes are observations rather for information than in the way of criticism, and I have no wish to suggest the consideration of any point in connection with them to the Committee.

Chairman—continued.

15 *May* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Primrose, C.B., C.S.I. [*Continued.*

CIVIL SERVICE APPROPRIATION ACCOUNTS.

On Vote 8.

REVENUE DEPARTMENT BUILDINGS, GREAT BRITAIN.

Chairman.

2056. (To Sir *C. L. Ryan.*) I understand the only question you would raise for the consideration of the Committee upon this Vote is the point referred to at the end of paragraph 3 of your Report?—That is so.

2057. (To Mr. *Primrose.*) In the last sub-head of paragraph 3 the Comptroller and Auditor General says that there were savings at the post offices of Maidenhead and Southampton, caused by delays in connection with the failure of contractors; and in one of these cases, namely, at Maidenhead, it would seem, from some correspondence with which he has been furnished, that this event was not altogether unexpected; and he adds: "It appears, however, desirable to reserve further comments until the completion of the building in question." Have you any remarks to make to the Committee upon that statement?—I conceive the Comptroller and Auditor General is referring there to the status of the contractor for the post office at Maidenhead, which from the first was not very satisfactory. When the tenders were received his were the lowest. He was a man who was only just beginning business, and we had great hesitation about accepting his tender; but we asked for references, and we received two references (one of them being from a bank, so far as I remember), which were so far satisfactory that we thought we ought to accept his tender, and that it would not be fair to reject him simply because he was a man who was only just beginning business. It was not a very large undertaking, and it was the sort of thing a man might reasonably be expected to carry out well if he was starting in business as a builder. Accordingly, we accepted his tender. However, from the first he proved very unsatisfactory, really from want of financial strength, and ultimately he became bankrupt and disappeared. The actual loss, I think, is a very small amount, or rather there was practically no loss I may say.

2058. (To Sir *C. L. Ryan.*) Have you any remarks to make upon what Mr. Primrose has said?—I do not think I have had the full facts before me; and, as the Committee will gather from the Report, I did not think I was quite in a position to pass it finally.

2059. (To Mr. *Primrose.*) You observe the Comptroller and Auditor General says it is desirable to reserve further comments until the completion of the building in question; will the building be completed soon?—It has been completed some time ago. I think it must have been completed just after the close of this account.

2060. The Comptroller and Auditor General has not been notified of that?—No.

2061. (To Sir *C. L. Ryan.*) I presume you may comment on this matter in your next Report?—If the circumstances should seem to require it.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 8.—Revenue Department Buildings, Great Britain—*continued.*

Chairman—continued.

2062. (To Sir *E. W. Hamilton.*) Have you any remarks to add upon the point, on behalf of the Treasury?—No.

Sir *John Hibbert.*

2063. (To Mr. *Primrose.*) I understand there is no loss arising in consequence of the failure of the contractor?—I think there was practically no loss; that is to say, we made a fresh contract for the completion of the work, and taking that with what had been spent on the first contract, the total expenditure was practically the same as if the first contractor had finished the work.

On Vote 9.

PUBLIC BUILDINGS, GREAT BRITAIN.

Chairman.

2064. (To Sir *C. L. Ryan.*) Do I rightly understand that the only question you wish to raise on this Vote is one that would arise upon the end of your paragraph 3?—That is so.

2065. (To Mr. *Primrose.*) In the concluding part of paragraph 3 the Comptroller and Auditor General says, "The Treasury, in sanctioning a total expenditure of 360*l.*, made it a condition that half of the excess should be met by savings on the sub-head, and half by savings on the Vote generally. As there is an excess upon Sub-Head I. of 308*l.* 9*s.* 8*d.*, it follows that, with regard to the moiety of the excess which affects that sub-head, viz., 106*l.* 10*s.* 3*d.*, the condition has not been fulfilled;" is there any explanation you would wish to make to the Committee upon that paragraph?—This is a somewhat similar case to that with which the Committee were dealing on Vote 1. If I remember rightly, the suggestion that half the savings should be made on the sub-head and half upon the Vote generally was our suggestion, and we made it rather by an oversight. We had in view only the expenditure at Southampton, which, after all, is far the larger part of the expenditure under this Sub-Head I. If you would turn to page 84 of the account, which gives the details of the works that were carried out under Sub-Head I., you will observe towards the bottom there is an expenditure of 140*l.* on alteration and removal expenses at Carlisle. We overlooked the fact that that liability would accrue on the sub-head, and that therefore we ought not to have undertaken to make a saving of half the amount upon the sub-head. It is expenditure occurring in a totally different district, and it was overlooked at the moment we made our proposal.

2066. When you found that that condition could not be complied with, did you make a further representation to the Treasury?—Not until

Civil Service Appropriation Accounts.

Vote 9.—Public Buildings, Great Britain—*continued.*

Chairman—continued.

until after the completion of the Vote. We then obtained their sanction, as we do to any excesses on any sub-heads that have been incurred.

2067. To that extent you have obtained Treasury sanction?—After the Vote was finally closed, we then obtained Treasury sanction.

2068. You have obtained that general sanction?—Yes.

2069. (To Sir *C. L. Ryan.*) Have you any remark to make upon that point?—I have nothing further to remark.

2070. I suppose the general sanction of the Treasury at the end would cover the non-fulfilment of this condition?—It is entirely a Treasury question. If they are satisfied, as it is within the total of the Vote, there is no question further.

2071. (To Sir *E. W. Hamilton.*) Is that so?—That would be the case. No doubt the Treasury did, upon the representation of the Office of Works, give their sanction, on the understanding that part of this money would be saved from the sub-head, and part from the general Vote; but I have not the slightest doubt that, if the original application had been to the effect that the excess would be met out of savings generally, sanction would have been given in the first instance.

[Mr. *Primrose* withdrew.

Chairman.

2072. (To Sir *C. L. Ryan.*) I understand that on Votes 10, 11, and 13, there are no questions to which you wish to draw the attention of the Committee?—That is so.

On Vote 14.

Public Works and Buildings, Ireland.

Chairman.

2073. (To Sir *E. W. Hamilton.*) In paragraph 3 of his Report upon this Vote the Comptroller and Auditor General says that in his Report for 1892–93 he drew attention to the inadequacy of the certificate furnished in support of grants in aid of the erection of National schools, and that, so far as he has been informed, no arrangement has been arrived at in settlement of this question, and he goes on to say that "copies of the correspondence on the subject which has taken place since the issue of my last Report are appended." Can you inform the Committee whether this question has been settled, or how or when it is to be settled?—Since the correspondence took place which is annexed to the Comptroller and Auditor General's Report,

Civil Service Appropriation Accounts.

Vote 14.—Public Works and Buildings, Ireland—*continued.*

Chairman—continued.

the National Education Commissioners have been in consultation with the Board of Works (Ireland); they have framed certain amendments to the National Education Rules, and the proposed settlement has been submitted to the Treasury. Their letter only arrived a few days ago, and it will be taken into consideration by the Treasury immediately.

2074. (To Sir *C. L. Ryan.*) Have you any further remarks to make upon this point?—No; so far as I understand the question is not settled, and therefore remains where it was, so far as my Report is concerned.

2075. You do not see how the Committee is to press the matter further at present?—No; it is a matter of some difficulty, because it involves the ascertaining on my part that the condition which the Education Commissioners lay down, namely, that half the cost of the school is contributed from local sources, has been carried out; and the Board of Works on their side say that they have very great difficulty in furnishing any certificate which will show that that condition has been fulfilled; while the Education Commissioners say they attach importance to that condition and are not prepared to waive it. Therefore it is a more important question than it would seem upon the face of it to be, and it is one that I know nothing of myself beyond what is stated in the Report.

2076. But at this rate what prospect is there of the certificates being ever furnished?—I think the Committee will see that I did all I could to urge upon the Board of Works in Ireland to come to a settlement. I had an interview with them when I was in Ireland last summer, and urged them to come to a settlement of this important question; but they seemed to be at a deadlock, and I could not move them much. I do not know what has happened since. I am speaking now without further knowledge.

2077. (To Sir *E. W. Hamilton.*) Do you see any prospect of the certificate being furnished?—The National Education Commissioners have made a definite proposal to the Treasury, after consultation with the Board of Works (Ireland). It is an important matter, and I do not like to express an opinion upon it at present.

2078. In due course the Treasury will settle that question, I presume, so that it will be in time for next year's account?—Certainly.

Mr. *Buchanan.*

2079. Did we not get something like the same assurance last year?—I am afraid I have forgotten it, if that was the case.

2080. We may, I suppose, rely upon its being a definite proposal, now?—Yes, this is a definite proposal. It is a matter of some difficulty, and needs consideration.

2081. How

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 14.—Public Works and Buildings, Ireland—*continued.*

Mr. *Hanbury.*

2081. How long will it be before the matter is settled; if we postponed the Vote should we be able to get some definite information from you in a fortnight's time?—I should think it is very possible. It may, of course, require some further reference to the Commissioners of National Education and the Board of Works. I should not like to give any undertaking.

2082. You say this is an important matter. The Comptroller and Auditor General wrote to the Board of Works (Ireland) as far back as August last year, and nothing has been done. The letter from the National Education Commissioners has only arrived about two days before the Committee of Public Accounts inquires into this matter; supposing we postpone the Vote for another month, or until after Whitsuntide, should you be able to give us definite information on the point?—I should think so, in all probability; but I could not give any undertaking.

Sir *John Hibbert.*

2083. Would there be any inconvenience in postponing the Vote for another month?—I do not see any inconvenience whatever.

Further consideration of Vote 14 postponed.

On VOTE 15.

RAILWAYS, IRELAND.

Chairman.

2084. (To Sir *E. W. Hamilton.*) In paragraph 4 of the Report upon this Vote the Comptroller and Auditor General says, "I have to draw attention to a payment in termination of a contract upon the Achill Extension Railway, the circumstances of which are detailed in the annexed query and reply, from which it would appear that the sum paid to Mr. Worthington was in excess of the sum considered to be due by the engineer of the board, but that the Commissioners deemed it to be advisable to determinate the dispute by a compromise." Have the Treasury any remarks to make to the Committee upon that paragraph?—Nothing beyond this, I think, that the amount claimed by the contractor was 2,300*l.*, and the amount proposed to be awarded to him was 1,450*l.* After some further communications on the subject it was thought best to make a compromise, and a further 400*l.* was thought to be a reasonable award; the engineer having explained that work had been done for that amount.

2085. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—I have nothing further to say.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

CLASS II.

SALARIES AND EXPENSES OF CIVIL DEPARTMENTS ON VOTES 1 TO 14.

Chairman.

2086. (To Sir *C. L. Ryan.*) As a general question, let me ask, as regards Votes 1, 2, 3, and 4, do I rightly understand you have no questions to raise for the Committee's consideration on those Votes?—I have no remark to make to the Committee on those Votes.

On VOTES 1 to 4.

No questions.

On VOTE 5.

FOREIGN OFFICE.

Chairman.

2087. (To Sir *C. L. Ryan.*) I understand one of the frequently recurring age questions arises on this Vote, in paragraph 2 of the Report, in regard to an allowance to Sir Edward Hertslet?—Yes, as contravening the provisions of the Order in Council.

2088. (To Sir *E. W. Hamilton.*) In paragraph 2 the Comptroller and Auditor General remarks that the employment of Sir Edward Hertslet has been prolonged for one year, salary being paid to him, with the assent of the Treasury, out of the Vote for the Foreign Office, at the rate of 333*l.* 6*s.* 8*d.* per annum, his united pay and pension thus equalling his former salary of 1,000*l.* a year. I understand that is considered by the Comptroller and Auditor General as contravening the Order in Council; is that so, in your opinion?—I think it must be held to be contravening the Order in Council; but I may point out it was a special arrangement, made solely in the public interest, to enable the Foreign Office to retain the services of Sir Edward Hertslet.

2089. His services have been considered, I believe, peculiarly valuable in connection with the library at the Foreign Office?—Anybody acquainted with the Foreign Office, I am sure, would say that his services to the Foreign Office were invaluable, and therefore a special arrangement was made that he should be retained in the interests of the public service. The Committee will understand he is retired and in receipt of his pension. He is only kept on with an allowance, made to him during the limited period for which this prolongation has been permitted, in addition to his pension.

2090. I suppose his services were peculiarly valuable for a national object which could not be otherwise so well attained?—Yes. The prolongation has been extended until February 1896. I think the Financial Secretary of the Treasury made

Civil Service Appropriation Accounts.

Vote 5.—Foreign Office—*continued.*

Chairman—continued.

made a statement in the House of Commons not long ago about it.

2091. (To Sir *C. L. Ryan.*) Have you any further remark to make upon this point?—I think Sir Edward Hamilton does not contest the fact that it contravenes the Order in Council, which is the only point I have to make. The other considerations are not considerations for me.

2092. Those are purely for the House of Commons to judge of?—Yes.

Sir *John Hibbert.*

2093. Is the word "salary" properly applied to this case; is it not an allowance or gratuity that Sir Edward Hertslet receives rather than salary?—I think it is a salary. I should call it a salary. It is not for specific work done; it is for continuous employment. The only case that would take it out of salary would be, I think, where a man was paid for jobs done for particular work, but if he is paid a sum for continuous attendance in the office during ordinary office hours, I think that is a "salary," whatever the amount of it may be.

2094. It is owing to that view which you hold that you have brought it before us?—I am bound to bring before Parliament, and through Parliament before this Committee, as I hold, any case in which payment is made from a Vote for effective services to any person contrary to the condition of the Order in Council.

Mr. *Hanbury.*

2095. (To Sir *E. W. Hamilton.*) The whole of Sir Edward Hertslet's work is done at the Foreign Office, I suppose?—That is so.

2096. But the Foreign Office apparently does not pay him his salary, because only 333*l.* of this would be paid, I take it, by the Foreign Office as salary. The rest is his pension, which is paid on a totally different Vote?—That is so. This is a very frequent arrangement when a person has retired and is re-employed in the public service.

2097. I do not recollect a case of this kind before, where an official is employed by a Department like the Foreign Office to carry on the work he did before he received his pension, and where the result is that only one-third of the payment comes out of the Foreign Office Vote, and the rest is charged upon a totally different Vote?—There was a similar question before the Committee last year. I mean the case of Sir George Scharf, the late Director of the National Portrait Gallery.

2098. The Treasury admit, at all events, as I understand, that this is distinctly against the Order in Council; if you can do this in one case you can do it in any other, so far as I can see?—If Parliament chose to take exception to the special arrangement made by the Treasury, then it would have to come to an end.

2099. Does not the Treasury hold itself bound by the Order in Council?—Yes, except where they

Civil Service Appropriation Accounts.

Vote 5.—Foreign Office—*continued.*

Mr. *Hanbury*—continued.

think the public interests would materially suffer by a strict adherence to it. In a case like this, the Treasury take upon themselves the responsibility of contravening the Order in Council.

2100. There is no proviso of that kind in the Order in Council, is there?—No; it is a discretionary power exercisable by the Executive Government of the day.

Mr. *Thornton.*

2101. Is there anything in the nature of an engagement with Sir Edward Hertslet?—No, there is no engagement.

Sir *John Gorst.*

2102. Was there any way in which Sir Edward Hertslet's services could have been retained under the Order in Council?—I think the arrangement made was the best way in which his services could be retained; because he has been retired.

2103. But this is not under the Order in Council. My question is, is there any way in which Sir Edward Hertslet's services could have been retained under the Order in Council?—I do not think there is.

2104. Could not the Order in Council be amended?—Certainly, if that were thought desirable by the Executive Government.

2105. If these exceptions have had to be made, and the Order in Council has had, in the interest of the public service, to be violated in two successive years, does not that rather point to an amendment of the Order in Council being necessary?—I should not like, of course, to commit the Treasury to an opinion upon that point; because it raises an important point of policy as to whether the Government of the day would be prepared to recommend an amendment of the Order in Council.

2106. Is not this employment of Sir Edward Hertslet a violation of the letter of the Order in Council?—I think it must be held to be in contravention of the Order in Council.

2107. (To Sir *C. L. Ryan.*) Would it not be more in accordance with the principles of sound finance, if the public service were served in this way under an amended Order in Council than by a violation of the Order in Council by the Executive Government of the day, by making exceptions from its terms?—Speaking only in the interests of finance, I think that exceptions to a general rule of this sort are very inadvisable, and should, if it is possible to avoid it, not be made.

Mr. *Alpheus Morton.*

2108. Is it clearly understood that this arrangement is illegal?—"Illegal," of course, is a strong term to apply to it. It is admitted, I think, that it is in violation of the provisions of the Order in Council.

2109. (To Sir *E. W. Hamilton.*) I understand that to be admitted just now; is that so?—That is so.

2110. What protection have we got that there

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 5.—Foreign Office—*continued.*

Mr. *Alpheus Morton*—continued.

will not be a continual breaking of this Order in Council?—Of course any arrangement of this kind made by the Treasury can be challenged by the House of Commons.

2111. In what way?—The question could be raised upon voting the gentleman's pension, or his allowance.

2112. But Parliament might never hear of it?—The Committee of Public Accounts can call attention to it.

2113. But that is two years after it has happened, as a rule?—Yes.

2114. (To Sir *C. L. Ryan.*) I understand your opinion is that we had better keep strictly to the Order in Council?—I am here only as financial adviser. I think I cannot depart from what I have said already.

Mr. *Thornton.*

2115. (To Sir *E. W. Hamilton.*) To what period is it understood that Sir Edward Hertslet's services are to be retained?—I think up to the 2nd of February 1896.

2116. The reason for retaining his services being really that there is nobody that understands treaties past and present, as Sir Edward Hertslet does?—He is a great authority upon the subject.

Sir *Arthur Hayter.*

2117. Precisely the same arrangement has been going on with Sir George Scharf, I believe?—He is now dead; but exactly the same arrangement did exist last year.

Mr. *Arthur Williams.*

2118. Did Sir George Scharf die during the year of extension, or afterwards?—The special arrangement was in force when he died.

Mr. *Hanbury.*

2119. If the Treasury can break one portion of the Order in Council, they could claim, I presume, the right to break all its provisions. Would they claim the right to put anybody into the Civil Service without an examination?—I do not think that they would.

2120. On what ground do they claim to break one portion of the Order in Council without claiming the right to break all other portions of it?—It is a matter of discretion with the Executive Government of the day.

2121. It is not a matter of discretion; they claim the power to do it, as I understand; I should like to have it a little more formulated by the Treasury what is the precise claim the Treasury make as to their power to override an Order in Council without amendment?—If they think that the public interest would be seriously damaged by a strict adherence to the Order in Council, I think they would take upon themselves the responsibility of making an exception. I should be very sorry to commit the Treasury to accepting the Order in Council in the strict sense which the honourable Member suggests; because

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 5.—Foreign Office—*continued.*

Mr. *Hanbury*—continued.

I think it would be a very difficult thing to observe it as it is observed, unless for very special reasons a discretionary power were exercised by the Government of the day. It is by means of that discretionary power, together with the fact that the Treasury particularly dislikes taking upon itself this disagreeable responsibility, that the Order in Council is able to be maintained as well as it is.

2122. Would it not be well to insert a proviso in the Order in Council that the Treasury reserves to itself its discretionary right to break that Order in Council?—If we once had a discretionary power with regard to the Treasury inserted in the Order in Council, I think we should find that the Order in Council would be interpreted with much more latitude. I think the Financial Secretary would bear me out in that.

2123. The House of Commons would then know who it was they were dealing with, and that the Treasury claimed this discretionary power?—I venture to think the House of Commons knows that the Executive Government of the day (which is in this particular case the Treasury) takes the responsibility of contravening the Order in Council in this way.

Mr. *Buchanan.*

2124. The Treasury only do this when it is clearly in the public interest?—Entirely for the public interest.

Mr. *Hanbury.*

2125. With regard to the other case that was mentioned of Sir George Scharf, was not the arrangement made in his case owing to the desire that he should have the control of the removal of the pictures to the New Portrait Gallery?—Yes. There has been always a very special reason whenever an exception has been made to the Order in Council.

Sir *John Gorst.*

2126. I understand in this case that Sir Edward Hertslet is held to be so valuable an officer that although he has attained the age of 70 he is going on indefinitely doing general work for the Foreign Office, not special work such as Sir George Scharf did?—The circumstances are not quite identical. But he is not going on indefinitely; the prolongation is for a fixed term.

2127. Am I right in saying that Sir Edward Hertslet's example proves that in some cases that the Order in Council is detrimental to the public service?—I suppose that might be inferred. It is very difficult to lay down any rule from which exceptions may not have to be made to serve the public interest.

Mr. *Alpheus Morton.*

2128. Would it not be better that the Order in Council should be strictly observed by all parties concerned?—I have already said that I think it would be impossible for the Government of the day not to take upon themselves the responsibility of exercising a discretion occasionally.

2129. It

Civil Service Appropriation Accounts.

Vote 5.—Foreign Office—*continued.*

Mr. *Hanbury.*

2129. It comes to this, does it not, that the Treasury have decided that Sir Edward Hertslet is a man who can do his work after 70 years of age, whereas with other officials it has been decided they cannot do the work with advantage to the public service after 70?—It is quite conceivable that in one case it might be very advisable in the public interest, and in another very detrimental to the public interest, to prolong the employment of an official beyond that age.

Mr. *Alpheus Morton.*

2130. His employment is prolonged for another year up to 1896?—Up to February 1896.

2131. It may be prolonged further, I suppose?—Not under the present arrangement; the present arrangement only extends to February 1896.

2132. You apparently make the arrangement for a year at a time?—I think it was made for two years.

2133. It says here it has been prolonged for one year?—Then it has been renewed since then to February 1896.

On Votes 6, 7, and 8.

Chairman.

2134. (To Sir *C. L. Ryan.*) As a general question on Votes 6, 7 and 8, do I understand that you have no particular questions to raise before the Committee on those Votes?—I have no particular question to raise on those Votes.

On Vote 6.

Colonial Office.

Mr. *Alpheus Morton.*

2135. (To Sir *E. W. Hamilton.*) In regard to item B. in the account of this Vote why is 637*l.*, more spent upon telegrams than granted; I think that occurred in the previous Vote also?—If the honourable Member will look at the explanation on page 133, paragraph B., it is put very clearly. It is explained as being owing to the state of affairs in South Africa. One cannot exactly foresee what will happen in regard to these matters in various parts of the world.

2136. I should not have asked the question if there had been anything to connect this item with the foot-note?—The foot-note B. is intended to explain the deficiency on Sub-Head B. (Telegrams).

Civil Service Appropriation Accounts.

On Vote 8.

Board of Trade.

Sub-Head H., Law Charges.

Mr. *Arthur Williams.*

2137. (To Sir *E. W. Hamilton.*) With regard to the item "Law Charges," I see there is a sum of 16,000*l.* granted, and an expenditure of 13,000*l.* That is a very large discrepancy between estimate and expenditure; can you explain the reason for that?—It is explained, I think, at page 139.

2138. You had estimated for a heavy lawsuit which did not come off?—Quite so.

On Vote 9.

Bankruptcy Department of the Board of Trade.

Chairman.

2139. (To Sir *C. L. Ryan.*) May I ask whether on this Vote you have any question to to submit to the Committee particularly?—I think not. I think the greater part of my Report on this Vote merely states the facts.

2140. The facts are important?—The facts are no doubt important; but I have no question to raise upon them.

2141. (To Sir *E. W. Hamilton.*) You will observe in paragraph 4 that the receipts of fees amount to a very considerable sum. The total amount from fees and dividends on funds invested is 192,042*l.* Included in this sum are 60,355*l.* and 17,510*l.*, the amounts received in respect of fees charged by official receivers against bankrupts' estates and companies in liquidation. I understand, therefore, that 77,000*l.* is received from fees; is the rest of the 192,000*l.* made up of dividends, or is there a still further amount from fees?—I think the details you are asking about are given on page 145 in Account A.

2142. I see the last item is, "Dividends on funds invested under Section 16," which amounts only to 13,926*l.*; is all the rest derived from fees in various forms?—The 13,900*l.*, or 14,000*l.* in round figures, represents "Dividends on funds invested under Section 16 of the Companies Liquidation Act, 1890." You will see in item 3 "Dividends on funds invested under Section 76 of the Bankruptcy Act, 1883," amounting to about 20,000*l.*

2143. In paragraph 5 it appears that certain sums, namely, about 32,000*l.* and 5,800*l.*, have been repaid to the Exchequer from the Bankruptcy Fees Account; is not that so?—That is so.

2144. That has been done with the approval of the Treasury?—It has been done with the approval of the Treasury.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 9.—Bankruptcy Department of the Board of Trade—*continued.*

Chairman—continued.

2145. The Comptroller and Auditor General has said that the facts are important; have you any remarks to make upon them?—I have no remarks to make.

Mr. *Alpheus Morton.*

2146. (To Sir *C. L. Ryan.*) What did you mean by saying that the facts are important?—I merely meant that they represent large transactions.

Mr. *Arthur Williams.*

2147. Item 3 of the statement on page 145 is "Dividends on funds invested under Section 76 of the Bankruptcy Act, 1883," amounting to 20,105*l.*; that is paid into the Public Exchequer, I presume?—That is not paid into the Public Exchequer; it is from that that the charges of conducting the bankruptcy administration are met.

2148. But they are receipts?—Yes, but they are not receipts paid into the Exchequer.

2149. What are the funds from which these dividends arise?—They are sums that have been previously invested.

2150. Do I understand that they are balances from realised estates under the Bankruptcy Act?—Yes, which have been invested.

2151. And not distributed?—Quite so.

2152. The dividends accruing are received in this way; is that so?—They go towards meeting the expenditure of bankruptcy administration.

2153. They do not go into the Treasury?—They do not go into the Treasury.

2154. Items No. 3 and No. 6 represent very large balances which are invested, the dividends from which are received as, I understand, in aid of the expenses of the administration of bankruptcy?—Yes; but I should explain that I am not accounting for this Vote.

Chairman.

2155. Who is the Accounting Officer for this Vote?—Mr. Smith, of the Bankruptcy Department of the Board of Trade.

2156. Is he present?—No, I do not think he has been summoned.

[The further consideration of the Vote was postponed, and resumed on the attendance of the Accounting Officer.]

Mr. JOHN SMITH, called in; and Examined.

Mr. *Arthur Williams.*

2157. (To Mr. *Smith.*) ON page 145 you will see that Item 3 is described as "Dividends on funds invested under Section 70 of the Bankruptcy Act, 1883, as shown in the monthly cash accounts rendered by the Treasury under the head 'Deposit Fund Account,'" 20,000*l.* and odd. That represents a capital sum of about 670,000*l.*; can you tell the Committee what those dividends are?—Yes; that is the amount of the bankruptcy funds which are invested by the Treasury, and held on account of floating balances to the credit of the bankrupts' estates.

2158. And those dividends, I understand, as received, are applied to the current expenses of the bankruptcy administration?—Yes.

2159. This is a constant investment, I suppose?—It is a constant investment. The amounts fluctuate with the necessities of the case from day to day. The Board of Trade practically acts as bankers for the Bankrupts' Estates Account, receiving the balances upon various accounts and paying out the sums required from day to day. There is always a large amount of balances which in the aggregate can be invested, and which have to be realized whenever they are required. The amount fluctuates in accordance with the daily necessities of the case.

2160. One would have thought that the income of these floating balances would be part of the estates of the various individual bankrupts?—It is provided by the Bankruptcy Act that it belongs to the Treasury; that is to say, it goes to the credit of the general account, and tends to reduce the general fees which are payable in respect of the bankruptcy administration. But I should, perhaps, point out to the Committee that there is a provision in the Bankruptcy Act to enable trustees of bankrupts' estates to secure the interest on behalf of their particular estates in cases where the moneys are not required for current purposes. In such cases they can apply to have an account opened at a local bank. Supposing, for instance, there is a balance which is not likely to be required for some time, either on account of protracted litigation or for some other reasons, the trustees have power to withdraw the balance from the hands of the Department and to place it in a local bank, where they can arrange for the interest being paid to the estate.

2161. Ultimately the balances are distributed, I presume?—They are distributed from day to day as required.

2162. When the balance is ultimately realised, the capital sum realised out of this sum of 670,000*l.* is distributed among the creditors of the bankrupts' estates?—Yes.

2163. But the current interest goes into the Treasury?—Yes.

2164. It is not accumulated for the benefit of the particular estate?—No, but it goes to reduce the fees in the bankruptcy administration.

2165. It is applied to the bankruptcy administration of the whole of the bankrupt estates in the

Civil Service Appropriation Accounts.

Vote 9.—Bankruptcy Department of the Board of Trade—*continued.*

Mr. *Arthur Williams*—continued.

the kingdom?—Yes; so that the bankrupt's estate gets the benefit in that way.

Mr. *Hanbury.*

2166. Is this power of withdrawing the money from this large fund, and putting it into local funds, largely used by these trustees in bankruptcy?—Not very largely, because pressure is always put upon the trustees to distribute the funds in hand as speedily as possible, and they do not find it, as a rule, advantageous, except under special circumstances. But I may say that there are about 100 cases in the year where the funds are withdrawn.

2167. It was said, I think, that there was about 670,000*l.* held by the Board of Trade, on which dividends are being paid in this way; can you tell me what amount is taken out and invested in local banks in the way you mentioned?—I cannot give you the amount in money, but there are about 100 accounts in the year opened in local banks in that way, and they are generally large accounts. Those, of course, would be in addition to the amounts in the hands of the Departments fund which are invested.

2168. I wanted to find out what proportion remained in the hands of the Board of Trade, and what amount was taken out by the trustees and invested in local banks?—I could not tell you that at the moment; I could ascertain it, no doubt.

Mr. *Arthur Williams.*

2169. When the trustees under the statutory powers which they have do withdraw the funds, then the accruing interest becomes part of the estate?—Certainly.

2170. It is distinctly to the advantage of the individual estate, is it not, that the trustees should not allow the balance to be kept in this general fund; if it goes into that account the current interest is lost to the individual estate evidently?—If it remains in the Bankruptcy Estates Account that is so. But I should point out that the Treasury are able to invest balances which the trustee himself could not possibly invest. The balance on one account to-day may be 1,000*l.* on credit, and to-morrow it may be 500*l.*, but on another account there may be a balance of only 500*l.* to-day, and a balance of 1,000*l.* on credit to-morrow, and it is simply by aggregating the available balances that the Treasury have balances that they are able to invest in a way that the individual trustee could not do.

2171. The individual trustee would only get the interest accruing upon his individual balance?—Yes, and it would be a fluctuating balance.

2172. (To Sir *C. L. Ryan.*) Have you any remark to make upon what Mr. Smith has said?—No.

Civil Service Appropriation Accounts.

On Votes 10 to 15.

Chairman.

2173. (To Sir *C. L. Ryan.*) May I ask you a general question on Votes 10, 11, 12, 13, 14, 15, and 16; do I rightly understand from your Report that you have no question to raise before this Committee in regard to those Votes?—There is no question that I specially desire to bring before the Committee in connection with those Votes.

On Vote 10.

Board of Agriculture.

Mr. *Alpheus Morton.*

2174. (To Sir *E. W. Hamilton.*) I wish to ask a question with regard to paragraph 3 of the Comptroller and Auditor General's Report on this Vote; are you the Accounting Officer of this Vote?—No, but I will endeavour to explain any point you may put to me upon it.

2175. The point I wanted to ask about was with regard to the extra remuneration to Major Tennant, the chief travelling inspector. Can you tell me why he got this money after you had recovered it from the London County Council?—He got the extra remuneration for services that he had rendered.

2176. Was he not paid for the services in any case?—He was paid for his services from the money paid over by the London County Council, under the Act referred to in the paragraph.

2177. Does his salary depend upon your getting money from the authorities?—No; this was special work done by him, for which he was specially paid.

2178. What is his ordinary salary?—In 1893-94 he was receiving as chief travelling inspector a salary of from 500*l.* to 660*l.* a year *plus* a temporary allowance of 250*l.*

2179. I want to know why is he not paid for these services in his salary?—Because this was special work which was not taken into consideration when was fixed his salary as travelling inspector. It is special work he has been told off to do, the remuneration for which the London County Council are responsible for.

2180. If you had not recovered it from the London County Council he would get nothing?—No.

2181. Is this work done out of office hours?—I am afraid I cannot answer that question.

2182. That is the point I wanted to know about?—I think it is a very immaterial point, if I may be allowed to say so.

2183. I disagree with you there; I think it is a material point whether extras are paid for work done in office hours or work done afterwards; I understand this is extra work outside Major Tennant's official duties?—Yes; and therefore, I presume, it is outside of his official hours.

2184. I understand that the Accounting Officer is not here; that being so, I suppose there is no way of getting the question answered to-day

15 *May* 1895.] Sir C. L. RYAN, K.C.B., Sir E. W. HAMILTON, K.C.B., and Mr. SMITH. [*Continued.*

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 10.—Board of Agriculture—*continued.*

Mr. *Alpheus Morton*—continued.

as to the terms upon which he is employed by the Board of Agriculture?—I am quite certain he is employed, like all other Civil Servants, to give his whole time to the public service.

2185. Then is this work done after hours?—It must be done after hours.

Chairman.

2186. It must be done after hours, obviously, must it not?—It may be assumed to be so.

Mr. *Alpheus Morton.*

2187. Is this work going on now?—I do not think it is. I do not think there is any muzzling going on at the present moment, and therefore there is no work to be done under the Order.

2188. I should like to have the particulars as to this allowance; who could give us an answer on that point?—The information could be got from the Secretary of the Board of Agriculture.

Further consideration of Vote 10 postponed.

On VOTE 11.

CHARITY COMMISSION.

Mr. *Alpheus Morton.*

2189. (To Sir *E. W. Hamilton.*) I observe in paragraph 3 of his Report on this Vote the Comptroller and Auditor General mentions the contribution of 750*l.* from the London County Council which he says was not received; why did they not pay up?—I think if the honourable Member will look at the explanation given by the accounting officer at the top of page 154 he will see it is stated that the inquiry in question was not commenced until towards the close of the year 1893–94.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 11.—Charity Commission—*continued.*

Mr. *Alpheus Morton*—continued.

2190. I do not gather from that why the London County Council did not pay up their contribution?—I understand it to mean that the work commenced much later than they anticipated, and therefore there was no work to pay for in that year.

On VOTE 16.

LUNACY COMMISSION, ENGLAND.

EXTRA REMUNERATION.

Mr. *Alpheus Morton.*

2191. (To Sir *E. W. Hamilton.*) I want to ask you a question with regard to a gratuity of 50*l.* included under Sub-Head A., mentioned in paragraph 2. The Comptroller and Auditor General says that the accounting officer omitted to state that one of the clerks received in addition to his salary a gratuity of 50*l.*; can you tell me why that was omitted?—I suppose it was an accidental omission on the part of the accounting officer.

2192. (To Sir *C. L. Ryan.*) Will you tell me how you came to discover the omission?—Because I found it in the detailed accounts.

2193. Is the omission that they have not put it into the account?—No; the omission is merely that they have not, as they ought to have done, put a note explaining that it was extra remuneration.

Mr. *Arthur Williams.*

2194. As I understand, the amount was charged, but it was not explained as extra remuneration?—Yes, it ought according to the rule to have been explained in a note; and as that was not done, it was noticed in my Report.

Mr. COSMO MONKHOUSE, called in; and Examined.

On VOTE 17.

MERCANTILE MARINE FUND (GRANT IN AID).

FINANCIAL POSITION OF THE FUND.

Chairman.

2195. IN paragraph 2 of this Report upon this Vote the Comptroller and Auditor General says, "There has been a satisfactory improvement in the financial position of the fund during the year under review, as compared with its position at the close of the year 1892–93, there being an increase of income of 16,984*l.* 0*s.* 3*d.*, and a decrease of expenditure of 35,008*l.* 18*s.* 10*d.*, as compared with the figures of the previous year. It is, however, to be observed that the income

Chairman—continued.

includes an exceptional item of 8,304*l.* 16*s.* 8*d.* received from the German Government for plant of the Heligoland Lighthouse handed over on the final transfer of that light to Germany;" and then he proceeds to say that the account of the fund shows that the receipts in the year 1893–94 amounted to 625,000*l.* as compared with 608,000*l.* in 1892–93, and that the expenditure amounted to 602,000*l.* as compared with 637,000*l.*; and that the cash balance on 31st March 1894, was 84,086*l.*

15 *May* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Mr. Smith, and Mr. Monkhouse. [*Continued.*

Civil Service Appropriation Accounts.

Vote 17.—Financial Position of the Fund—*continued.*

Chairman—continued.

84,000*l.* Upon all these points have you any remarks to make to the Committee?—I have no observations to volunteer unless the Committee desire any information upon any point; I shall be happy to answer any question put to me.

Mr. *Alpheus Morton.*

2196. May I ask what becomes of this 8,234*l.* 16*s.* 8*d.*?—It is at present placed to the credit of the general balance of the Mercantile Marine Fund.

2197. How will it be eventually dealt with?—Probably if the Mercantile Marine Fund ever is (as I hope it may be) in a sufficiently flourishing condition to make an investment, that money will be invested as a part of the capital sum, in order to pay off the present debt.

Relief of Distressed Seamen at Mauritius.

Chairman.

2198. (To Mr. *Monkhouse.*) You will observe that in paragraph 6 the Comptroller and Auditor General says that the Board of Trade are understood to be still in correspondence with the Superintendent at Mauritius on the subject of the relief of seamen discharged with large balances of wages to their credit; what is the nature of that correspondence; has it come to an end, or will it be concluded shortly?—It is a sort of chronic correspondence, I am sorry to say, because it is revived from time to time. These distressed seamen are always with us, so to speak. Occasionally periods occur in which this officer at Mauritius manages to get away some of the seamen before they have spent all their money, and then there is a period of calm, but after a time another period comes in which the seamen squander their money and then come on charge, and then we continue our correspondence again. As you will see, we have continued it with effect, as the Comptroller and Auditor General bears testimony; there has been an improvement in that respect, and we can only hope to continue the improvement by renewing our efforts in case there happens to be any relapse.

2199. But what will be the outcome of this correspondence; will it be greater strictness as to administration?—Yes, that is the only object of it. The officer is an officer of the Colonial Government, not an officer of ours, and our only control over him is by means of correspondence, pointing out any case in which we think he has been wrong, and asking him to be more careful in future; that is all we can do.

Mr. *Hanbury.*

2200. How is it that this difficulty arises only at Mauritius; is there a special fund there, or anything of that kind, to account for it?—It is a little worse at Mauritius than elsewhere; that is all. I should think the climate probably, and the laxity of the police, have more to do with it than anything else.

Civil Service Appropriation Accounts.

Vote 17.—Relief of Distressed Seamen at Mauritius—*continued.*

Mr. *Hanbury*—continued.

Loan from Greenwich Hospital.

Mr. *Alpheus Morton.*

2201. (To Mr. *Monkhouse.*) In paragraph 3 the Comptroller and Auditor General observes that the debt to the Commissioners of Greenwich Hospital remains as at the close of the previous year, 150,000*l.*; has that been reduced at all?—It has not been reduced for the last year or two.

2202. Do you hope to pay it off some day?—We live in hopes.

2203. You have got against that, I suppose, this balance which you commence the account with, namely, 61,731*l.*?—We have; but that is not a larger balance, or, indeed, not quite so large a balance as we want for working purposes.

2204. Still it is a balance to the good?—It is a balance to the good.

Mr. *Thornton.*

2205. In regard to paragraph 6 may I ask are deserters put on the same footing as distressed British seamen?—We have often tried to make some distinction, but we have found it practically very difficult to do so. We cannot leave British seamen, especially in foreign ports, to simply die in the streets. We have often tried to make a distinction between men who are deserving men, and men who are not deserving; but as a matter of fact there is only one class of house as a rule at these ports in which these men can be relieved; and the consequence is that, if we wanted to make a distinction it would be made not by lowering the deserters but by raising the allowance to the better men.

2206. There does seem to be great difficulty?—There is.

Questionable Charges for Relief of Foreign Seamen.

Chairman.

2207. (To Mr. *Monkhouse.*) In the middle of paragraph 7 the Comptroller and Auditor General observes that "the legislation recommended by the Public Accounts Committee for the purpose of bringing the statutory provisions of the Merchant Shipping Act into harmony with the international agreements for the mutual relief of distressed seamen, has not yet taken place; a Circular has, however, been issued by the Board of Trade to consular and other officers reminding them that expenses must not be incurred in the relief of foreign seamen in their own countries, or in the colonies of their own countries," and so forth. Can you tell us whether recommenda-

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Chairman—continued.

tions have been made by the Board of Trade for such legislation being undertaken?—I do not think so; I think no legislation has been undertaken.

2208. We know that no legislation has been undertaken; but can you say whether the Board of Trade has taken, or intends to take, any steps to recommend any such legislation to Parliament?—I am not aware that they do.

2209. Will the circular that is alluded to in this paragraph have the same effect as the legislation would have?—Not precisely, I think; but that is all that we can do now. The circular, I think, will only cause the agreements to be more strictly observed than they were. I think a copy of that circular was handed in by me to the Public Accounts Committee last year.

2210. In the last sentence of the paragraph it is said that "it is to be hoped" the circular "will have some effect in the reduction of such expenditure in the future, but it may be noticed that in the past British Consuls have in some cases referred foreign seamen to their own representatives without success." Have you any remarks to make upon that statement?—I have no remark to make. It is very difficult indeed for a British Consul to force the Consul of another country to take charge of the seaman if he will not do so.

2211. (To Sir *E. W. Hamilton.*) Have you any remarks to make upon this paragraph?—No.

2212. (To Sir *C. L. Ryan.*) Have you anything further to say?—I have nothing further to say.

2213. Would you think that these financial objects could not be obtained without legislation?—I think it would be desirable to have legislation, no doubt, and the Committee of Public Accounts took the same view. At the same time everybody knows the difficulties in the way of legislation.

Mr. *Hanbury.*

2214. (To Mr. *Monkhouse.*) How is it that the Board of Trade have made no attempt to recover from the foreign Governments which were liable the sums thus improperly charged to the fund?—I think it is purely a matter of policy.

2215. The Comptroller and Auditor General seems to complain of their not having done so; why did they not do so?—I think the reason why we have not done so is, because it would produce a more or less irritating correspondence without probably producing the slightest result. We have no power to compel them to take our view of the treaty.

2216. Have you not appealed to their sense of equity?—I am not sure that we have not done so in every case where we thought it was worth while.

2217. What do you mean by the expression where you thought it was "worth while;" I

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Mr. *Hanbury*—continued.

suppose all Governments have got a sense of equity; why should you apply to one more than another?—They have all possibly a sense of equity, as all individuals have, but their sense of equity does not always take the same form.

2218. But the Comptroller and Auditor General says that you have made no attempt whatever to recover the money in the case of any foreign Government?—We have not. We should have to do it through the Foreign Office, and I do not think the Foreign Office would look favourably on making a diplomatic request for the payment of such a sum as 15*s.*, which was alleged by the Board of Trade to be properly due from Germany on account of a distressed seaman, about whom questions would arise as to his nationality and the condition of his health when he left the ship; and various other things would have to be proved and could all be contested.

2219. As a matter of fact then we may take it, you have not consulted either the foreign Governments or the Foreign Office in regard to their recovery of this money?—I think not. We have thought, on the whole, that it was not worth the candle. I do not think I can give any other answer but that.

Sir *John Hibbert.*

2220. I think there is a Departmental Committee sitting to inquire into the position of this Mercantile Marine Fund, is there not?—Yes.

2221. Will that Committee merely confine their inquiry to finance, or will they have power to suggest legislation with respect to the different points referred to in the Report?—They will have power to suggest legislation, no doubt.

2222. Will these points as to which legislation is desired be brought before them, do you suppose?—I am a member of that Departmental Committee myself, and I may say that all the questions with regard to the Mercantile Marine Fund have been brought before the Committee.

2223. All such questions as have been suggested from year to year with regard to legislation?—Everything in regard to which legislation was suggested would, no doubt, be brought before it. But it is a Committee to inquire simply with regard to the financial position of the fund; and such small items as the question whether it is desirable to apply diplomatically to a foreign Government for the recovery of some expenses on account of distressed seamen, or a question as to an alleged interpretation of a treaty, I do not think would be brought before it at all.

2224. Everything that would place the fund in a better position would be naturally considered by that Committee?—No doubt.

2225. That would include such representations to foreign Governments, would it not?—I may point out this is a very small matter. I

do

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Sir *John Hibbert*—continued.

do not suppose the whole of these amounts under this paragraph would come to 20*l.* a year.

Mr. *Alpheus Morton.*

2226. Are we to understand that you have not asked the Foreign Office for these sums at all?—Yes.

2227. Does this international agreement which is referred to lower down in the Report cover the matter we are discussing?—Yes.

2228. Is not the object of this agreement that these foreign Governments shall pay these sums?—The position is this: their Consuls at a certain port ought to relieve certain seamen discharged from British ships, and in certain cases they do not do so. In most cases I think they do; the obligations are very fairly maintained; but a few cases arise in which, from some objection on the part of the Consul of the foreign Government who does not read his obligations, or interpret the agreement in the same way that we do, he refuses to relieve. Those cases are few, as I say, and the amount involved is not great; and we have hitherto not taken the step of trying through the Foreign Office to recover these disputed amounts from the foreign Governments.

2229. Would not it be better to ask for those amounts?—I personally do not think it would.

Payment to Shipowners for the Passage Home of their own Shipwrecked Seamen.

Chairman.

2230. (To Mr. *Monkhouse.*) In paragraph 8 of his Report on this Vote the Comptroller and Auditor General reminds us that no legislation has taken place, as recommended by this Committee, for the purpose of obliging shipowners, when so required, to provide to their own shipwrecked seamen a free passage home in a vessel of their own line; has the Board of Trade taken any steps in that direction?—The only step that we have taken is, that if a shipowner takes home a seaman who once belonged to one of his own ships we do not pay him as much as we should give if the ship were owned by somebody else.

2231. But no steps have been taken with regard to legislation?—None.

Sir *John Hibbert.*

2232. Would such a question as that be brought before the Departmental Committee than has been referred to?—I do not think it has been brought before them, and I do not think it is likely to be; it would be too small a matter, I think.

2233. But these small questions, taken together, would perhaps be worth notice, would they not?—Yes, they are all noted; they are not lost sight of; but what I meant to say was, that they seem to be matters for departmental action in detail rather than for a committee which is considering general principles of finance.

Vote 17.—Payment to Shipowners for Passage Home of Shipwrecked Seamen—*continued.*

Sir *John Hibbert*—continued.

Mr. *Hanbury.*

2234. But this Committee thought them big enough for legislation, and recommended the Board of Trade to legislate in regard to them, did they not?—Whenever the Board of Trade are in a position to legislate again, whenever there is any chance of passing a Bill (about which I know nothing), whenever we are informed by our Parliamentary advisers that it is possible to pass a Bill, I have no doubt that these matters (which have all been carefully noted) will be considered with a view to being put into the Bill. They have not been at all lost sight of.

Mr. *Alpheus Morton.*

2235. Are we to understand then that you are waiting for a Parliamentary opportunity to go on with these matters?—That is very much what I said. They are postponed simply on that account; they are not postponed from any disinclination on our part to proceed in the direction indicated.

2236. Would it not be best to try whether time could not be found for legislation of this sort?—I must ask the honourable Member to address that question to Mr. Bryce rather than to me.

2237. I ask you that question because you have given us an opinion that it is want of Parliamentary time that is the reason?—That is my theory. As I said, I know nothing about the chances of legislation, it was mere theory.

Mr. *Thornton.*

2238. I suppose the larger and more important shipowners take their own men back, and it is only the small men who do not?—They cannot always do so. I mean it just depends upon whether a ship of theirs happens to call at the particular port in time. It is not worth while from the point of view of public economy to keep the men waiting there until another ship of the same owner calls at the port. We always send them home by the first ship we can. As regards the large lines I may say, if they do not always take their own men home, they take a large majority of other shipowners' men home.

Claims on Shipowners and Charges in support of the Correctness of which sufficient Evidence was not forthcoming.

Chairman.

2239. (To Mr. *Monkhouse.*) In the last two sentences of paragraph 9 the Comptroller and Auditor General says that the sum of 4*l.* still remains to be explained; and he goes on to say, "Similar

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Chairman—continued.

"Similar charges occur in the present year, amounting to 344*l.* 16*s.*, which, through insufficiency of details, my officers have not been yet able to verify as correct." Have you any remarks to make upon those two sentences?—I have no doubt we shall furnish the Comptroller and Auditor General with sufficient information in due course, as we did with regard to that previous sum of 274*l.* 5*s.* 10*d.* We may not perhaps have all the information at present; but I have no doubt it will be forthcoming.

2240. In due time these items, I understand, will be verified?—They will be verified, at any rate, so far as it will be possible to verify them.

2241. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—I have no remark to make at present. I presume I shall probably get the information that will enable me to pass these accounts; at present I have not got it.

Mr. *Alpheus Morton.*

2242. (To Sir *C. L. Ryan.*) These charges appear to occur every year, do they not?—There are certain charges in the account which cannot be passed finally for want of sufficient information; and as the account is, *pro tanto*, incorrect as it stands, I am bound to notice the fact. In the subsequent year they are generally cleared up.

2243. But they are delayed?—Yes; there is want of sufficient information to pass them finally at the time.

Canadian Seamen relieved by the Board of Trade.

Chairman.

2244. (To Mr. *Monkhouse.*) In the last two sentences of paragraph 11, in regard to certain Canadian seamen relieved by the Board of Trade, the Comptroller and Auditor General says that in reply to inquiries addressed to the Board of Trade he was informed that "in cases of individual seamen discharged from their vessels on the ground of ill-health it is not the practice of the Board to apply for the refund of the expenses." Then he goes on to say, "As the agreement with Canada contains no exception in cases of this kind, and as the inconvenience of dealing with small individual cases could, it is believed, be easily met by periodical claims, this explanation does not appear to me to be entirely satisfactory." Have you any remark to make upon that paragraph?—Although the difficulty and irritation of small claims might, to a certain extent, be got over by making them periodical, they would still be in their nature, if not with regard to Canada, at least with regard to a good many other countries (and I think it would be so with regard to Canada), liable to very great exceptions to be taken to them. Our policy has been always to limit our claims upon the colonies

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Chairman—continued.

(whatever understanding we have had with them) to shipwrecked seamen. That is a large and simple class of claim about which no difficulties arise. All the colonies with which we have an agreement agree to relieve shipwrecked seamen; but a great many of them do not at all agree to relieve any others. The Committee must remember that these agreements are all voluntary; they are not in the nature of treaties in the way of give and take. They are agreements which are voluntarily entered into by the colonies at our invitation, out of which they gain nothing and lose everything; and for that reason, even if it stood alone, we should be inclined to take a generous view as to their performance of their obligations. But, in addition to that, there is a desire on our part to be uniform and to treat all the colonies alike; and the only line we can take for that object is to confine our claims to the cases of shipwrecked seamen. With regard to Canada we have additional reasons for not pressing them for these small claims upon them. To show you how small the claims are, I may mention that in the course of last year we had only two cases of the kind; because it must be remembered these men must not only be on board a Canadian ship, but they must be able to sign a statement that they are actual Canadians before they get any claim for relief. The cases are very rare, and, as I say, there were only two this year, involving an amount about 8*l.* There is this further reason why we do not wish to press Canada, and that is, that she is very generous in the way she discharges her obligations under our agreement. If we were too literal on our side, there would be very good ground why she should be very literal on hers, while at present, on the contrary, she is not so literal. Canada, for instance, might entirely refuse to pay for the relief of shipwrecked masters, who are always more expensive individually than seamen. She is under no obligation whatever to pay the expenses of the masters; whereas she does do so cheerfully and without making any objection. She might not do so if we were so particular about these little things. Besides that, Canada does a great many other things for us for nothing.

2245. (To Sir *C. L. Ryan.*) Have you any remarks to make with regard to what Mr. Monkhouse has stated?—I might observe generally, with regard to the evidence which Mr. Monkhouse has given, that it is extremely difficult for me to discharge the duties which seem to me to be incumbent under the Mercantile Marine Fund where the Board of Trade plead that questions of policy, questions of discretion, questions of generosity, and so on, necessarily come in. If it is laid down that these particular expenses are not worth pressing foreign and colonial Governments for, and that they should be allowed without any repayment, then of course I should be only too glad to be relieved from the duty in regard

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Chairman—continued.

regard to them; but as long as the duty exists I do not see how I can avoid bringing before Parliament and the Committee these small questions. They are infractions of agreements which exist; it may be undesirable to enforce these payments. There was a suggestion made which, if I may venture to say so, was of an extremely practical character by the Financial Secretary to the Treasury, that the Departmental Committee now engaged in looking into the question of the Mercantile Marine Fund should take up and settle a definite policy with regard to these questions, and, if it is desirable that they should not be enforced, relieve me from my duty as regards these points.

2246. (To Sir *E. W. Hamilton.*) Have you any remark to make on this point?—No.

Sir *John Hibbert.*

2247. (To Mr. *Monkhouse.*) How long has this arrangement existed with Canada?—Since about 1872.

2248. Do similar arrangements exist in respect to any other colonies?—Similar, but not identical.

2249. As I understand from your evidence, you rather incline to uniformity in the treatment of the colonies, and prefer to give up this arrangement with Canada rather than bring up the other colonies to the position of Canada?—We do not propose at all to give up the arrangement.

2250. If you do not use it, what is the advantage?—We use it to the extent of shipwrecked seamen, as we do with all the colonies. In the case of shipwrecked men we always make a claim, and they always repay. What we have been discussing is only the case of individual seamen who are left behind at various ports through illness.

2251. You do not claim for those cases?—We do not claim for those cases.

2252. Do you say you have not the right to do so?—We have the right to do so in the case of Canada, but we have not got it in the case of many of the other colonies.

2253. Do you not think it would be desirable to try and obtain a similar arrangement with other colonies?—This is entirely voluntary on the part of the colonies. Neither of the colonies need pay a single penny. Until 1872 the whole of the amount which we now recover from Canada in respect of shipwrecked seamen came out of the Mercantile Marine Fund, and we could not do more in writing to the colonies than ask them what they would do. One said I will do this, and one said I will do that, and I think some little pressure, perhaps, may have been tried at the time to try and get some uniformity, but the attempt was abandoned as hopeless.

2254. Has your Departmental Committee upon the Mercantile Marine Fund considered

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Sir *John Hibbert*—continued.

this question at all?—No, it has not considered it; I scarcely think such details come within the scope of the Reference to that Committee.

2255. Is it not the fact that the fund is rather in a bad position financially?—Yes, but I am quite prepared to defend our practice from the financial point of view.

2256. What I was coming to is this: supposing you agree that the fund is in a bad position financially, would it not be desirable to get as many payments into it in order to improve it as much as possible?—But I do not think our practice is bad from a financial point of view. I think by straining after these little sums we should lose our larger sums. To give an instance of what I mean, there was a case of a lunatic who had belonged to a colony, and it cost us a very large sum of money to bring him home and settle him in his colony. Under the agreements with that colony, and under what they told us they would do, we should have had no claim whatever against the colony, but the colony paid us; whereas if we were irritating them by asking, say, 7*s.* 6*d.* for a man down with the small-pox here and for a pound there, they would say, "If you are so literal in your claims we will not pay for this lunatic;" and so on. I do not think we should gain 6*d.* by pressing these payments.

Mr. *Hanbury.*

2257. As I understand the result of your evidence is this, that in the case of all colonies alike we relieve their distressed seamen and do not try to recover payment?—That has always been so.

2258. Do we get any reciprocity in that matter; do all the colonies relieve our distressed seamen without recovering from us?—Certainly not; but you will remember that they pay us back for our shipwrecked seamen.

2259. That is another matter; I am speaking of distressed seamen?—As regards distressed seamen, according to the Merchant Shipping Law the mother country bears all the expenses of all British seamen distressed abroad, whether they belong to a colonial vessel or whether they do not. Every seaman has a distinct claim to be relieved by our officers abroad, whether he belongs to a colonial ship or whether he belongs to a British ship. It has been the attempt more or less to get what we could from the colonies that led us about 20 years ago to correspond with certain colonies (for it has been nothing more than that) to ascertain whether under the circumstances they would not pay us certain of our expenses. When we did that our policy was that they should pay for their shipwrecked seamen; we did not mean to go beyond that or to call upon them to pay for anything more.

2260. In the case of distressed seamen on land, did you pay for everybody?—That was the *status quo*, and that is what would have remained

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Mr. *Hanbury*—continued.

up to the present day if it had not been for the voluntary agreement of certain colonies to pay certain expenses.

2261. In omitting to claim repayment in those cases you are acting within the Merchant Shipping Act?—Yes; the Merchant Shipping Act has nothing to do with it.

2262. I understood you to say that there was some statute or something under which we provide these payments for all distressed seamen?—Yes, the Mercantile Marine Fund is chargeable with all these expenses that we now recover from the colonies.

2263. And under the statute which so charges the Mercantile Marine Fund there has been no omission of duty?—On the contrary, what has been done has been all to the good. All that we recover from the colonies is to the good; it is outside the law altogether.

2264. The complaint of the Comptroller and Auditor General is, not that you have failed to comply with the statutory obligation, but that you have a special agreement with Canada and have not carried it out; that is all?—Yes.

Mr. *Alpheus Morton.*

2265. I gather, with regard to this paragraph of the Report, you are quite satisfied that with regard to Canada we get rather the best of the bargain?—I think we do; but whether we do or not, it is a question only amounting to two or three pounds a year. The amount last year to which the Comptroller and Auditor General called attention arose upon two cases only, and those two cases amounted in the total to about 8*l.* If you come to deduct from that the amounts Canada has paid for masters whom they need not have paid for, and the amounts paid in cases where they have never been too careful about technicalities, but have always paid so long as it was reasonable, you will find we are rather the gainers.

2266. At all events you are satisfied that the Canadian Government are very fair in the matter?—Very fair. Moreover, they give us gratuitously very great assistance in recovering from owners expenses for which they are liable.

Mr. *Hanbury.*

2267. You have spoken of an agreement with Canada, but I observe on page 185 we have agreements with foreign States, namely, Germany, France, Italy, Austria-Hungary, Sweden and Norway, and Denmark, as to distressed seamen; is not that so?—That refers to a previous paragraph, not to the one we are dealing with now.

2268. Does not that deal with repayments?—It does not deal with repayments at all.

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Mr. *Alpheus Morton.*

2269. (To Sir *E. W. Hamilton.*) In paragraph 12 the Comptroller and Auditor General states that the account shows a surplus to be surrendered of 2,212*l.* 7*s.* 1*d.*; has that amount been surrendered, or is it going into the general account?—It is like every other surplus.

2270. Is it included in the balance in hand of 84,878*l.* 8*s.* 4*d.*, on page 171?—No, certainly not. This is the Vote Account only.

2271. But I see on page 170 the "Parliamentary Grant in Aid" of 40,000*l.* is included in the account I am referring to?—Certainly.

2272. Then I ask whether the balance of 84,878*l.* covers that surplus of 2,212*l.*?—The 2,212*l.* has not been paid over to the account; it is surrendered. Unless the honourable Member understands the process of surrendering, I do not think I could make plain my answer to his question on this point. The process of surrendering is a complicated one. I should be happy to explain it to the honourable Member at any other time, but it would take some time and it would, perhaps, be wasting the time of the Committee (who are no doubt generally familiar with the process) to do so at the present moment.

2273. Is it not the fact that the Treasury in the first place issued the whole of the money, the whole of the 50,000*l.*?—The Treasury issue the whole 40,000*l.*, and if the Department only spent 38,000*l.*, then in the next year, instead of 40,000*l.*, they would issue only 38,000*l.* That is, roughly speaking, the process.

2274. So that it comes to the same thing?—Yes, substantially.

2275. That is not my point in this account at all; my question is, whether this surplus has been surrendered. (To Mr. *Monkhouse.*) Can you tell me whether it has been surrendered or not?—It has been surrendered.

Mr. *Arthur Williams.*

2276. (To Sir *E. W. Hamilton.*) As a matter of cash payment it never is surrendered, as I understand; it is always carried forward?—If you surrendered it to the Exchequer you would have a payment out on one side and a payment in on the other side, and you would be swelling both sides of the account for no purpose.

Mr. *Alpheus Morton.*

2277. Do they get less grant the next year?—Less is issued.

2278. (To Sir *C. L. Ryan.*) Can you explain how it is accounted for; I see on pages 169, 170, and 171, the grant is 50,000*l.*, and on the next page I see "Parliamentary Grant in Aid," 40,000*l.*; there seems to be a grant of 10,000*l.* besides the 40,000*l.*?—I think the explanation is quite simple. One sum is granted for a particular purpose, and the other is the annual grant made to the Mercantile Marine Fund. The 40,000*l.*

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40,000*l.* as a grant in aid would be all handed over to the Mercantile Marine Fund. Of the 10,000*l.*, only the amount that is shown to be spent within the year would be allowed, and anything not spent would be surrendered.

2279. Actually surrendered in this case?—In this case it would be actually surrendered if there was not another Vote for the next year.

2280. You mean the 2,212*l.* is part of the 10,000*l.*, and not part of the 40,000*l.* at all?—Yes.

2281. The account does not show it?—The first paragraph of the Report shows it, I think. "The account shows a surplus of 2,212*l.* 7*s.* 1*d.* to be surrendered to the Exchequer on account of the unexpended portion of the additional grant in aid of 10,000*l.*"

2282. (To Mr. *Monkhouse.*) With regard to the 2,212*l.*, have you got that money still?—No, it has been surrendered.

2283. Then it has not been carried forward to next year's account?—That is so. The 10,000*l.* was money voted for a particular purpose. The 40,000*l.* is carried on from year to year. The grant of 50,000*l.* is divided between the 40,000*l.* which is a general grant and the 10,000*l.* which is a special grant towards certain works for communicating with lighthouses. That was made as a specific grant so as not to confuse it with the bulk of the common fund and the 40,000*l.* (the grant in aid), which is all put into one pocket, so to speak; and this amount which we did not expend out of the 10,000*l.* was surrendered.

2284. This surplus was actually given up to the Treasury, you say?—Yes.

2285. (To Sir *E. W. Hamilton.*) Then you must be wrong, must you not, when you say that it must be left till next year?—No, it is treated in exactly the same way as any other Vote. I do not think the Committee would wish me to go into an elaborate explanation of what is really an elementary point in this somewhat complicated process of surrendering.

2286. But we are told that in this case it is different; is not that so?—No, it is not different.

2287. (To Mr. *Monkhouse.*) What has become of this 2,212*l.*?—I have surrendered it. (Sir *E. W. Hamilton.*) And in the next year, 1894-95, when a similar grant was voted by Parliament, that 2,217*l.* 7*s.* 1*d.* was deducted from the sum issued in respect of such grant, and the balance only was placed at the disposal of the Board of Trade.

2288. I understand it has nothing to do with the 40,000*l.*; the Comptroller and Auditor General has explained that the 10,000*l.* never went into the account which appears on page 171?

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Mr. *Alpheus Morton*—continued.

—I was talking of the Vote Account which appears on page 167.

2289. Do I understand rightly that I shall find in next year that this 10,000*l.* fund was closed altogether, and that the 2,212*l.* was deducted off the 40,000*l.* in the next year?—You will not see it on this account. I am afraid unless the honourable Member understands the process of surrender he cannot follow it.

2290. I understand the 50,000*l.* is divided into two sums of 40,000*l.* and 10,000*l.*?—Yes.

2291. The 40,000*l.* goes into the fund and they spend it or carry it forward. With regard to the 10,000*l.*, we make no further grant next year?—Instead of the total grant, they will have placed at their disposal 2,212*l.* less than such grant.

2292. May I take it that is the answer?—Yes.

2293. (To Mr. *Monkhouse.*) I should like to ask whether you look after the Scottish lighthouses as well as the English, because I see the statement on page 181 apparently includes part of Scotland?—We have the power of the purse over them.

2294. Have you got charge of the Northern Light Commissioners?—We supply them with their funds.

2295. The statement on page 181 is only a portion of their accounts, is it not?—It is only a portion of them.

On Votes 18 to 22.

Chairman.

2296. (To Sir *C. L. Ryan.*) On Votes 18, 19, 20, 21, and 22, do I rightly understand in general terms you have no question to raise?—That is so.

On Vote 20.

Public Record Office.

Mr. *Thornton.*

2297. (To Sir *E. W. Hamilton.*) I observe the explanation to Sub-Head C., Calendars and Historical Documents, is that "The saving was caused by the non-completion of certain record publications, for which estimates had been taken." Are those publications which will be completed hereafter?—I presume that will be the case; they are in process of being completed.

2298. Everything that has appeared up to this point is accounted for and paid for?—Yes.

15 *May* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Mr. Smith, and Mr. Monkhouse. [*Continued.*

Civil Service Appropriation Accounts.

Mr. Thomas Digby Pigott, C.B., called in; and Examined.

On Vote 23.

Stationery and Printing.

Chairman.

2299. (To Sir *C. L. Ryan.*) Do I rightly understand upon this Vote the only point you have to raise is at the end of paragraph 2 of your Report?—That is so.

2300. (To Mr. *Pigott.*) At the end of paragraph 2 of his Report upon this Vote, the Comptroller and Auditor General states that upon requesting explanation of the delay in settling the accounts of printers, he was informed "that the attention of the Treasury had been called to the increasing arrears in the examination of the printers' accounts, and to the impossibility of coping with these arrears which are mainly the result of increased work with the existing staff, and a proposal is now before their Lordships for an increase in the establishment of the Department." Have you any remark to make with regard to that point?—The Treasury have agreed to the addition of a new man; it has taken some time to get the appointment filled, and the man has only joined within the last few days. We have every reason to hope we shall be able to bring things to a more satisfactory state.

Chairman—continued.

2301. (To Sir *E. W. Hamilton.*) Have you any remarks to make upon the point?—No.

2302. (To Sir *C. L. Ryan.*) Have you anything further to add?—No.

Mr. *Hanbury.*

2303. (To Mr. *Pigott.*) Are you satisfied that one man will do the work?—We hope he may, but unfortunately the work is increasing very much indeed.

2304. That rather implies that you do not think he will be able to do all the work?—It is one of those cases where we suffered from the operation of the Order in Council, which has already been referred to this afternoon. Our two senior men, who were both very experienced men, had to go, and that has involved filling up their places with less experienced men. We are not at present getting through the examination of the accounts quite so quickly as when it was in the hands of more experienced men, but every month I hope to improve it. We should be very glad to have two men, but we are trying one first.

Store Accounts.

Mr. *Alpheus Morton.*

2305. (To Mr. *Pigott.*) Can you tell me who carries out this local test examination of the Store Accounts which is referred to in paragraph 8?—That is done by the officers of the Comptroller and Auditor General.

2306. (To Sir *C. L. Ryan.*) That is under you, is it?—Yes.

2307. That is not exactly an independent stocktaking, is it?—It is not a stocktaking; it is a test examination of the Store Accounts.

2308. It has nothing to do with stock?—No.

2309. But only with the accounts?—Yes.

2310. (To Mr. *Pigott.*) In paragraph 10, the Comptroller and Auditor General says, "The value of the stock in the possession of the Stationery Office as certified by officers of that Department, and by professional stocktakers, was stated to be as follows." By whom are those professional stocktakers appointed?—They are appointed by myself as the Controller.

2311. Then how can it be called an independent stocktaking?—They are men selected from outside who have nothing to do with the office at all. As a matter of fact the same individuals have done it for several years.

2312. That professional stocktaking is not under the Comptroller and Auditor General?—No; of course the Comptroller and Auditor General has full power to take stock for himself at any time if he thinks it desirable.

Mr. *Alpheus Morton*—continued.

2313. (To Sir *C. L. Ryan.*) Do you make any test stocktaking at all?—No; I have the power, as the honourable Member is aware, but I have never found it necessary to exercise it.

2314. The professional stocktaking is not under you?—No.

2315. (To Mr. *Pigott.*) I should like to ask you a question with regard to an item on page 198, under Sub-Head P., Parliamentary Papers for Free Libraries; there is a saving of 36*l.* 17*s.* 6*d.* out of the 100*l.* voted by Parliament; on what principle do you give these Parliamentary Papers away?—We give them to every free library that asks for them.

2316. Is that known generally?—It is becoming well known now, I think. It is, roughly speaking, nine or ten years ago that the first sum of 100*l.* was voted, by means of which we had power to give Parliamentary Papers to free libraries applying for them up to the limit of 100*l.* Each year the demand has increased, and this year the limit of 100*l.* will be nearly, if not quite, reached.

2317. Has that reference to all free libraries only?—All rate-supported free public libraries.

2318. If there are any not getting these Parliamentary Papers, I suppose they can get them up to the limit of 100*l.*?—Yes.

[Mr. *Pigott* withdrew.

15 *May* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Mr. Smith, and Mr. Monkhouse. [*Continued.*

Civil Service Appropriation Accounts.

On Votes 24 to 27.

Chairman.

2319. (To Sir *C. L. Ryan.*) On Votes 24, 25, 26, and 27, do I rightly understand you have no question you wish to raise?—I have no question I wish to raise.

On Vote 26.

Secret Service.

Mr. *Alpheus Morton.*

2320. (To Sir *E. W. Hamilton.*) With regard to the Secret Service Vote, who certifies for that now?—Her Majesty's Ministers.

2321. It used to be audited by someone at the Foreign Office, did it not?—The Foreign Office accounts for part, the Home Office accounts for part, and the Chief Secretary for Ireland accounts for another part.

2322. Was there not an officer who used to have something for auditing and looking after that account?—Certainly.

2323. And he was in the Foreign Office, was he not?—Yes.

2324. Who has taken his place?—It is the Permanent Under Secretary of State; it was the same officer previously.

On Vote 27.

No questions.

[The Witnesses withdrew.

Wednesday, 22nd May 1895.

MEMBERS PRESENT:

Mr. Buchanan.	Mr. Mowbray.
Sir John Gorst.	Mr. Arthur O'Connor.
Mr. Hanbury.	Sir Richard Temple.
Sir Arthur Hayter.	Mr. Thornton.
Mr. Alpheus Morton.	Mr. Arthur Williams.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893-94.

Sir CHARLES LISTER RYAN, K.C.B., and Sir EDWARD W. HAMILTON, K.C.B., called in; and Examined.

CLASS II.

SALARIES AND EXPENSES OF CIVIL DEPARTMENTS.

ON VOTE 28.

FISHERY BOARD FOR SCOTLAND.

Chairman.

2325. (To Sir *E. W. Hamilton.*) IN the last two sentences of paragraph 3 of the Comptroller and Auditor General's Report on this Vote, after stating that the co-guarantors have paid their arrears from the 27th August 1891 to the 27th August 1894, he goes on to say, "that in view of these payments having been accepted and receipts given, the Post Office feel that they are scarcely in a position to call upon the co-guarantors to pay sums due for previous years." He adds, however, that he is informed "that the Fishery Board propose communicating further with Messrs. Hay & Co. on the subject." Have you any remarks to make upon that paragraph?—That paragraph, as the Committee will observe, has reference only to the Brae Extension. I understand the Fishery Board are still in communication with Messrs. Hay & Co. with a view to pressing them to see if they can get something more out of the co-guarantors; but I cannot give the Committee any further information, because the co-guarantors have not replied again to Messrs. Hay & Co.

2326. The point, as I understand, is that the co-guarantors do not pay up, but they go on resisting and delaying; is that so?—That is the case.

2327. They are legally liable, are they not?—I believe they are liable legally; at least the original arrangement made was that out of the guarantee for the telegraph extension to Brae, a certain sum should be paid out of the Brand fees, and the other portion by local persons interested in the undertaking.

Chairman—continued.

2328. The Treasury will inquire whether their claim is legally enforceable?—Certainly; but the Post Office seemed to think they were not in a position to press the claim in the previous years prior to 1891 (the arrears between August 1891 and August 1894 have been paid). The Fishery Board do not take the same view as the Post Office; the Fishery Board are trying to press the co-guarantors to pay up the arrears in respect to the period prior to August 1891.

2329. Then the Fishery Board think they have a claim?—Yes; I cannot say what the result will be; but they are still communicating with the solicitors acting on behalf of the co-guarantors.

2330. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—I have nothing further to say.

Mr. *Mowbray.*

2331. It is a question of the law, I presume, is it not?—I think it must be.

Civil Service Appropriation Accounts.

On Votes 29 to 32.

Chairman.

2332. (To Sir *C. L. Ryan.*) Do I rightly understand that on Votes 29, 30, 31, and 32, you have raised no questions?—I have raised no questions upon those Votes.

2333. You are not aware of any point to which the Committee need advert?—I am not.

On Vote 33.

Chief Secretary for Ireland.

Chairman.

2334. (To Sir *E. W. Hamilton.*) From paragraph 2 of the Comptroller and Auditor General's Report on this Vote there appears to have been a double payment for the Secretariat Office at Dublin; a sum was paid to Sir West Ridgeway for a certain period during which Sir D. Harrel, the present Under Secretary, was also paid. The Comptroller and Auditor General states that the payment to both of these officers for the same period was sanctioned by the Treasury "on the grounds of the economical arrangements effected during the temporary service of Sir D. Harrel as Under Secretary"; is not that rather an unusual arrangement?—Yes, it was distinctly an unusual arrangement to meet the special case of Sir West Ridgeway. The Committee will remember that Sir West Ridgeway was detached from the Under Secretaryship for Ireland and sent on a Special Mission to Morocco for a time, and that Mission lasted from the 1st of January to the 31st of October. There was no appointment at that moment falling vacant to give him, and, therefore, he was allowed six weeks' leave as Under Secretary, until his appointment to the Isle of Man, which took place in December.

2335. Was he drawing his salary for work done in Morocco under this Vote?—No; that was found out of the Diplomatic Vote.

2336. Then the salary he drew for his Secretariat appointment was for work not done in the Secretariat?—No; it was a special arrangement by which he was allowed to go on leave for six weeks.

2337. Was he entitled to that leave under the rules of the service?—I do not think you can say he was entitled to it under the rules, but it was a special arrangement.

2338. Ought not the salary to have been charged to the Foreign Office Vote while he was on service in Morocco?—Yes, and so it was. The payment under this Vote represents his salary as Under Secretary from the time he returned from Morocco to the time he was appointed to the Isle of Man; otherwise, he would have been without any salary at all.

2339. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point?—As it was unusual to pay two officers during the same period, I thought it right to call the attention of the Committee to the case; I have nothing further to observe with regard to it.

Civil Service Appropriation Accounts.

Vote 33.—Chief Secretary for Ireland—*continued.*

Chairman—continued.

2340. It was, I presume, within the power of the Treasury to sanction it?—It was within the power of the Treasury to sanction it; but, at the same time, it is an unusual arrangement, and therefore one which I did not feel myself justified in passing without drawing attention to it.

Mr. *Hanbury.*

2341. Is it within the power of the Treasury to sanction it in accordance with the ordinary rules of the Civil Service?—Yes; that is to say, it is in the power of the Treasury to make practically any arrangement they please, with regard to a salary of that kind, within the limits of the Vote, of course.

Mr. *Buchanan.*

2342. (To Sir *E. W. Hamilton.*) Is there any precedent in your experience for a similar arrangement?—Yes; there was an exactly similar arrangement in the case of his predecessor, Sir Robert Hamilton.

2343. Did he get paid in the same way?—Yes; for a very short time between the time he ceased to do the duties as Under Secretary for Ireland to the time of his appointment as Governor of Tasmania.

2344. Was that arrangement similarly under the sanction of the Treasury?—Yes.

Mr. *Arthur Williams.*

2345. Although at the same time another person had been appointed to the office and was receiving his salary for doing the work; was that so?—Yes, that was the case.

Mr. *Mowbray.*

2346. Sir West Ridgeway was not drawing salary from the Irish Vote at the time he was in Morocco, I understand?—No.

2347. It was after he returned from Morocco that he drew the salary from this Vote?—Yes, after he returned.

Chairman.

2348. I suppose these cases are very jealously watched by the Treasury?—Certainly. There was something, of course, very peculiar about that case.

Mr. *Mowbray.*

2349. What were the "economical arrangements" on the ground of which this appears to have been sanctioned?—The Comptroller and Auditor General referred, I think, to the fact that during the time Sir West Ridgeway was in Morocco Sir David Harrel, who was then the head of the police, was carrying on the duty of the Under Secretary for Ireland, and also the duty of the head of the police at the same time, so that there was only one salary for the two offices.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 33.—Chief Secretary for Ireland—*continued.*

Mr. *Mowbray*—continued.

2350. What salary was he drawing?—I think he drew the full salary of Under Secretary for Ireland during that time; so that there was a saving taking the two Votes together.

2351. That would be a saving on another Vote, the Police Vote, I presume?—Yes; it would be under Vote 19, Dublin Metropolitan Police. I find that what happened was this: while Sir D. Harrel was acting as Under Secretary for Ireland, when Sir West Ridgeway was in Morocco, there was an acting man put in his place at the Police Office who received a salary out of the Police Vote, but it was a salary of 1,000*l.*, instead of 1,500*l.*; so that there was a saving under that Vote.

2352. But the total result was that there was an extra expenditure under Sub-Head A., "Salaries," under the Dublin Metropolitan Police Vote. I do not see how the "economical arrangement" is shown on the account?—Except from the fact that the acting Commissioner of Police, instead of receiving 1,500*l.* a year, only received 1,000*l.*

2353. In spite of that, the expenditure was more than the grant?—That would be due to other causes.

Mr. *Arthur Williams.*

2354. I see from the explanation there was an additional Assistant Commissioner of Police appointed; that may, perhaps, account for it?—Yes; that appointment reduced the saving.

Mr. *Mowbray.*

2355. (To Sir *C. L. Ryan.*) What were the "economical arrangements" which you referred to in your Report?—I took the words "economical arrangements" from the Treasury letter, which says, "I am to acquaint you, in reply, for the information of his Excellency the Lord Lieutenant, that, in view of the economical arrangements effected during the temporary service of Sir D. Harrel as Under Secretary (and which, as my Lords learn from a subsequent letter, will now be made permanent), they sanction the payment of Sir D. Harrel as Under Secretary from 1st November to 12th December last, inclusive, during which period the late Under Secretary also drew pay as being still in the service of the Irish Government." I cannot point to the saving, but I take it on the faith of the Treasury letter. (Sir *E. W. Hamilton.*) A temporary Commissioner of Police was appointed at a salary of 1,000*l.*, instead of Sir David Harrel receiving 1,500*l.*

Mr. *Mowbray.*

2356. It was that saving which you referred to in the Treasury letter which has just been read?—Yes.

On VOTE 34.

Chairman.

2357. (To Sir *C. L. Ryan.*) I understand you raise no question in your Report?—That is so.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

On VOTE 35.

LOCAL GOVERNMENT BOARD (IRELAND).

LABOURERS' COTTAGES.

Chairman.

2358. (To Sir *E. W. Hamilton.*) In the last paragraph of his Report on this Vote as regards labourers' cottages the Comptroller and Auditor General reports that, in reply to inquiries, he has been informed that upon representations made by the Local Government Board (Ireland) the Treasury "are of opinion that another period of 12 months may be allowed in order to enable those boards of guardians who have not yet done so to qualify themselves for the receipt of this relief, and that the balance of the deposit account may accordingly be reserved until the 31st March 1895." Have you any remarks to make to the Committee upon that statement; why did not these boards of guardians qualify themselves?—The Committee will remember, perhaps, that in 1890 40,000*l.* was voted as a Grant in Aid for labourers' cottages in Ireland. But the local authorities have been very slow to avail themselves of it, and it was thought only fair that time should be given them to enable them to do so, instead of surrendering the money to the Exchequer. This arrangement was continued up to the 31st March 1895, and has, in deference to the representations made by the Local Government Board and the Irish Government, been extended since the Report was written up to the 31st March 1896.

2359. Is there any particular object in preventing the money being surrendered to the Treasury?—I suppose the local authorities would think there was a very considerable object in not surrendering it to the Exchequer at once. I think they want to avail themselves of it.

2360. What is the cause of the delay?—I think they have been slow in putting the Labourers Act into force; it was for building labourers' cottages.

Mr. *Arthur O'Connor.*

2361. Was not this 40,000*l.* a sum that was arrived at as an equitable adjustment between Ireland and Great Britain?—Yes.

2362. So that in any case it would have to be allocated to Irish purposes, would it not?—Not necessarily so. If the local authorities in Ireland have not chosen or are not able to spend it now, I take it that it will have to be surrendered to the Exchequer.

2363. What would become of the equitable adjustment?—I think the local authorities in Ireland would be to blame for not making use of the money.

2364. The Exchequer would get all the benefit of the equitable adjustment?—That would be so, by the *lâches* on the part of the local authorities in Ireland.

2365. Do I understand that this sum, allocated to Ireland on the grounds of equity, would, if not expended

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 35.—Labourers' Cottages—*continued.*

Mr. *Arthur O'Connor*—continued.

expended or claimed within a certain time, be taken by the Exchequer?—I think we could not defend its lying idle in the hands of the Paymaster General indefinitely.

2366. Would it not be held over from year to year as a matter of course?—It has been held over for some years.

2367. As a matter of course?—No, not as a matter of course.

2368. It would require the sanction of the Treasury?—Certainly.

2369. The equity of the adjustment having already been recognised by Parliament?—That is so; but the honourable Member will understand the arrangement has been continued up to the 31st March 1896, and I understand that there are several local authorities that have established a claim to part of the money since the Report was written; so that the amount outstanding is now considerably less than it was.

Mr. *Buchanan.*

2370. It has been continued from year to year by the Treasury to satisfy this equitable adjustment?—That is so.

2371. Under other circumstances it would have been surrendered?—Yes.

On VOTES 36 to 39.

Chairman.

2372. (To Sir *C. L. Ryan.*) Do I rightly understand upon Votes 36, 37, 38, and 39, there are no points to which you would draw the attention of the Committee?—I have no observations to make with regard to those Votes.

CLASS III.

LAW AND JUSTICE.

On VOTE 1.

LAW CHARGES (ENGLAND).

Chairman.

2373. (To Sir *E. W. Hamilton.*) In paragraph 2 of his Report upon this Vote the Comptroller and Auditor General reports that no steps have yet been taken to carry out the recommendations of the Public Accounts Committee, 1893, with regard to the inclusion in Schedule B. of the Order in Council of 4th June 1870 of messengers paid from a lump sum granted to the head of this Department. He goes on to say that this point was discussed by the Committee, 1894, and after the reasons for the non-application of the Order had been explained by the Treasury the Committee adhered to the view expressed in the previous year's

Chairman—continued.

Report; and then he concludes by saying that he learns from the Treasury Minute on this Report that their Lordships are prepared "to defer to the view which has commended itself to the Public Accounts Committee of two successive years, and will accordingly take steps for carrying out the arrangement." May we understand that that has been done?—That is so; it was done by notice in the "Gazette," of 5th February last.

2374. (To Sir *C. L. Ryan.*) Have you any further remark to make upon this point?—No. Subsequently to my Report an arrangement for including these officers has been carried out, and therefore I have no further remark to make.

Mr. *Mowbray.*

2375. (To Sir *E. W. Hamilton.*) These men will not come in for pension in consequence of this alteration, will they?—No.

2376. That point was raised last year, and it is made quite clear, is it?—Yes; that was the reason why the Treasury was anxious not to include them in the first instance, to show that they were not civil servants in the ordinary sense of the word.

2377. Have you made the alteration in such a way as to make it clear that they will not come in for pension?—Yes; they are placed under Schedule B. of the Order in Council of the 4th June 1870.

On VOTE 2.

Chairman.

2378. (To Sir *C. L. Ryan.*) I understand there is no question, so far as you know, on Vote 2?—I do not think there is any question that I should recommend the Committee to raise upon that Vote.

On VOTE 3.

SUPREME COURT OF JUDICATURE.

Chairman.

2379. (To Sir *E. W. Hamilton.*) In the second sub-head of paragraph 2 of the Report of the Comptroller and Auditor General on this Vote it is set forth that the Supreme Court (Officers) Bill was introduced in 1894, with a memorandum to the effect that the Orders in Council could not be applied to the Legal Departments without modifications, but the Bill declared, *inter alia*, that the age for retirement and removal of officers should be regulated by Order to be made by the Lord Chancellor, subject, in any regulation affecting the expenditure of public funds, to the concurrence of the Treasury. The Bill, however, was not proceeded with, the Order for the Second Reading being discharged on the 18th July 1894. The Treasury Minute of 15th December 1894 states that "it will be again introduced

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 3.—Supreme Court of Judicature—*continued.*

Chairman—continued.

troduced when Parliament meets." That Bill has been introduced and is now before Parliament; but supposing it should not pass, what would happen about this question?—Then the question would remain in the same state as it is in now.

2380. Could not the age for retirement and removal of officers be regulated by an order to be made, if not by the Lord Chancellor, by some other judicial authority, "subject in any regulation affecting the expenditure of public funds to the concurrence of the Treasury," as stated by the Comptroller and Auditor General?—I believe it is held to require legislative authority.

2381. (To Sir *C. L. Ryan.*) Have you any remark to make upon that?—No.

2382. You agree that if the Bill is not passed then this question must remain as it is?—It being held by the legal authorities that it is necessary to give effect to the Order in Council by legislation, if legislation does not take place, of course it must remain in its present position.

Mr. *Arthur O'Connor.*

2383. (To Sir *E. W. Hamilton.*) What is it that determines the scope or the applicability of an Order in Council?—I think it is held that these officers of the court are under the jurisdiction of the judges; outside, so to speak, of the jurisdiction of the executive Government in this case.

2384. What authority have the judges in respect of the public appointments in the Department which could not be controlled by an Order in Council?—I should not like to answer that question without further consideration.

2385. Putting my question another way, what is the ground of the legal opinion now suggested as the reason for allowing this system to continue?—I am afraid I have no further information before me at this moment. It has been held that it would require legislative authority in order to bring these officers of Legal Departments within the purview of the Order in Council.

2386. Is the status of these officers now regulated by statute?—I think so.

2387. Then it would require statutory authority to alter their status?—Yes.

2388. In the meantime, this Committee having expressed an opinion, and the Comptroller and Auditor General having felt it his duty to bring the matter before this Committee more than once, a Bill has been introduced and re-introduced?—That is so.

2389. Does the Treasury consider that that is a sufficient excuse for continuing the present system?—The Treasury have no other option in the matter unless a Bill can be passed.

2390. I do not want to put to you any question that it would not be fair to put to you in your position; but we see Treasury officials, or Treasury Ministers, introducing measures other than that which is necessary to correct this

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 3.—Supreme Court of Judicature—*continued.*

Mr. *Arthur O'Connor*—continued.

mischief?—I am afraid I do not quite follow the point of the honourable Member.

2391. This is a Bill which from an administrative point of view requires to be dealt with; is not that so?—That is so.

2392. Other measures and other Bills are introduced relating to matters not administrative merely; I need not particularise them; does the Treasury make any effort to secure that precedence should be given to this administrative Bill?—Except so far as the Treasury have always pressed upon the Home Office the expediency, if not the necessity, of obtaining legislative authority. Of course the Treasury cannot do more than that.

2393. Must it be a Home Office Bill?—I think it was introduced by the Lord Chancellor in the House of Lords last year; and this year, when it was introduced in the House of Commons, it was naturally in the charge of the Home Secretary.

2394. It relates, as I understand, to the status of public officials?—It relates to the status of legal public officials.

2395. Then the Treasury would consider it falls within the province of the Home Secretary to look after it?—Yes.

Mr. *Thornton.*

2396. There is such a Bill in the House at this moment, is there not?—That is so.

Mr. *Mowbray.*

2397. I notice in the Report of last year, founded, I think, on your evidence, it is stated that the Lord Chancellor was "prepared to make new appointments, when they lie with him personally, subject to the restrictions as to age or to any future restriction that may be laid down under authority to be conferred by statute." As a matter of fact, has that been acted upon in the interval?—I am not aware whether there have been any appointments made; but I am quite certain it would have been acted upon if any appointment had been made.

On VOTE 4.

LAND REGISTRY.

Chairman.

2398. (To Sir *C. L. Ryan.*) Do I rightly understand that you have no points to bring before the Committee on Vote 4?—That is so.

Mr. *Arthur O'Connor.*

2399. Can you tell us what has been brought into the Exchequer by the Land Registry Office in the period of this account?—Do you mean the amount of Exchequer extra receipts?

2400. Yes?

Civil Service Appropriation Accounts.

Vote 4.—Land Registry—*continued.*

Mr. *Arthur O'Connor*—continued.

2400. Yes?—I can only state what is stated in the Report in paragraph 3, "that a sum of 14,782*l.* has been received during the year from the sale of Land Registry fee stamps."

Civil Service Appropriation Accounts.

Vote 4.—Land Registry—*continued.*

Mr. *Arthur O'Connor*—continued.

2401. Does that exhaust the receipts; do the fee stamps cover the whole of the receipts of the Department, so far as you know?—I should not like to speak positively, but I think it is so.

Mr. Alfred Pike, called in; and Examined.

On Vote 5.

County Courts.

Chairman.

2402. (To Mr. *Pike.*) In paragraph 2 of the Report of the Comptroller and Auditor General upon this Vote he says that under Sub-Head A., Salaries, payments amounting to 1,482*l.* have been made during the year to clerks to county court registrars, and other officers of the courts, for carrying out since 1884 orders of administration under the Bankruptcy Act, but that no provision for such expenditure was specifically made under this sub-head; what is the reason for that?—The allowance was not decided upon until after the Vote had been taken. It was found that it would be for the benefit of the suitors to pay these persons who are authorised to carry out the administration orders for their work, and that more money would be obtained for the benefit of the creditors, and the Treasury accordingly decided to make them an allowance of 5 per cent.

2403. The point is, why was no provision for that expenditure made under the sub-head?—Because at the time the Vote was taken that decision had not been arrived at.

2404. (To Sir *C. L. Ryan.*) Have you any remark to make upon this point?—No.

2405. (To Sir *E. W. Hamilton.*) Have you anything to say upon it?—No.

Mr. *Arthur O'Connor.*

2406. (To Mr. *Pike.*) As I understand it, under the administration of the bankruptcy law the fees paid in bankruptcy business are, at any rate in theory, dependent upon the income arising from the bankruptcy balances of account; is there not a certain amount of money paid in respect of the bankrupts' estates?—We have nothing to do with bankrupts' estates; this is only with regard to administration orders.

2407. I am only asking you, as a matter of fact, is there not an account under the Bankruptcy Act of 1883, the income from which is to be taken into consideration in fixing the fees payable in bankruptcy business; is not that so under the Act of 1883?—I do not know.

2408. Are you not conversant with the Act of 1883?—Not with that part of it.

2409. The money paid to these clerks to county court registrars is money in respect of bankruptcy business?—Yes, under a special section, Section 122 of the Bankruptcy Act, 1883.

Mr. *Arthur O'Connor*—continued.

2410. At all events, with regard to some sections of the Act you have full knowledge?—Yes, so far as that section is concerned.

2411. Why is this made a charge upon the public instead of being defrayed out of the fees received in bankruptcy?—It is considered to be paid out of the fees as a charge for the administration of that section. There was a Treasury fee of 2*s.* in the £., and out of that the Treasury pay these clerks, who conduct the cases and obtain the money, 5 per cent. upon the amount obtained.

2412. Then it is paid out of fees?—It is paid out of fees; it is paid out of the Vote.

2413. That is to say, it is an apportionment from the fee fund of 5 per cent.?—No, I think not; it is paid out of the Vote. Bankruptcy fees are all taken in stamps.

2414. Is it a percentage?—It is a percentage on the amount of the debts they collect.

2415. Is it charged on the ordinary fees?—No, we do not charge anything to the parties themselves.

2416. Then it is practically a public charge?—It is.

2417. What I want to know is, whether this public charge is taken into consideration in fixing the fees?—It was not at the time the fees were fixed, because it was not decided to do this.

2418. Is it in contemplation to take it into account in fixing the fees hereafter?—I have not heard that such is the case. The Treasury thought the fees were heavy enough, and that they could afford to pay it out of them. I do not think the Treasury would make the fees higher.

2419. Could you furnish the Committee with a statement showing how this amount is arrived at, and the fund from which the 5 per cent. was taken?—We take the 5 per cent. from the Vote; it is paid out of the Vote.

2420. Under Sub-Head A. the Comptroller and Auditor General tells us that payments amounting to 1,482*l.* have been made during the year to clerks to county court registrars; as I understand from you now, that represents a percentage of 5 on the debts collected or got in?—Yes, under these small bankruptcy orders; what they call administration orders.

2421. Could you furnish us with a statement showing how this sum was arrived at?—Yes, I could

Civil Service Appropriation Accounts.

Vote 5.—County Courts—*continued.*

Mr. *Arthur O'Connor*—continued.

could easily do that. I could make out a statement of the amount received and of the amount paid.

Chairman.

2422. Will you please furnish us with such a statement?—Yes.

Transfer to Vote of Salaries of Deputy Judges.

Chairman.

2423. (To Mr. *Pike.*) In paragraph 3 the Comptroller and Auditor General observes that the Public Accounts Committee of last year reported that "there may be reasons for adhering to the former system whereby" the salaries of deputy judges of county courts "were placed upon the Consolidated Fund, and they recommend that the Treasury should give further consideration to the matter." This, it appears, the Treasury have since done, and they have stated in a Treasury Minute the reasons that have led them to the conclusion that the salaries of temporary deputies of judges of county courts should continue to be so charged to the Vote, and should not be charged against the Consolidated Fund. Have you any remark to make upon that paragraph?—No.

2424. (To Sir *C. L. Ryan.*) I understand the objections you have raised upon this subject have been removed?—Yes; so far as regards the fact that provision has been made in the Estimates, the objection raised in my Report has been removed.

2425. You have no further observation to make upon the point?—No. The point I took was that it was not provided for in the Estimates, as well as calling attention to the transfer.

2426. Then now the matter is quite adjusted, is it?—I presume the matter is now finally accepted by the Treasury.

2427. (To Sir *E. W. Hamilton.*) Have you any remark to make upon this point?—Nothing more than was said in the Treasury Minute upon the Report of the Public Accounts Committee of last year. The Treasury Minute went at some length into the question.

Mr. *Arthur O'Connor.*

2428. The Treasury did not take exactly the same view as this Committee, did it?—The Treasury thought, on the whole, that it was a more proper charge against the Vote than against the Consolidated Fund.

2429. They recognised the judicial position of the deputy judges, did they not?—That is so.

2430. Are there any other cases in which persons in judicial positions have their salaries charged upon the Vote and not upon the Consolidated Fund?—Temporary deputies for county court judges.

Civil Service Appropriation Accounts.

Vote 5.—Transfer to Vote of Salaries of Deputy Judges—*continued.*

Mr. *Arthur O'Connor*—continued.

2431. Are there any other cases, except the case of deputy county court judges, in which persons in a judicial position have their salaries charged upon the Vote and not upon the Consolidated Fund?—Yes; whenever a Special Commissioner is travelling on assize in place of a Judge of the High Court he is always paid from the Supreme Court Vote, and his salary is not charged upon the Consolidated Fund.

Mr. *Arthur Williams.*

2432. Upon the same ground, that they are temporary and not permanent judicial officers?—That is so.

2432*. And, therefore, it would be very desirable that they should come upon the Vote and not come upon the Consolidated Fund?—Yes

2433. As I understand the Treasury Minute, after considering the matter, they adhered to their view that any salary of this sort for temporary judicial services should be upon the Vote and not charged upon the Consolidated Fund?—Yes, in order that it might come under the purview of Parliament.

2433*. In order that this Committee and Parliament should see that no extra needless expenses were incurred?—That is so.

Loss by Failure of a Registrar.

Chairman.

2434. (To Sir *E. W. Hamilton.*) In paragraph 4 the Comptroller and Auditor General refers to a loss through the failure of a registrar, and states that on asking for fuller explanation he was informed that the Report of the Treasury Officers of Accounts on the case was under consideration, and that the result would be communicated to him in due course. Has that result been communicated yet to the Comptroller and Auditor General?—I think some further details have been communicated to the Comptroller and Auditor General since the Report was written.

2435. (To Sir *C. L. Ryan.*) Have you received a reply to your inquiry?—Yes; on the 30th of April a communication did reach me to the effect that the Treasury proposed to write off this loss.

2436. Have you had time to consider that communication?—I see no reason to object to the Treasury's decision.

2437. Would you recommend this Committee to agree to the writing off?—Yes, I think so.

Mr. *Alpheus Morton.*

2437*. What was the "fuller explanation" which you wanted?—I had no explanation at the time my Report was written.

2438. They had simply written it off and said nothing; is that so?—There was no actual decision. The loss was apparent, and I did not know

Civil Service Appropriation Accounts.

Vote 5.—Loss by Failure of a Registrar—*continued.*

Mr. *Alpheus Morton*—continued.

in what way it had been dealt with, or what inquiry had been made, and I asked for further information. The Committee are aware that where there is any loss of public money I always, in pursuance of directions, think it my duty to inquire into the circumstances and ask to be furnished with the Report made to the Treasury upon the point, and if there is anything in that Report which seems to me to be necessary to bring before Parliament, I do so. In this case I had not received this Report, and I did not know what inquiries had been made.

2439. (To Mr. *Pike.*) Can you tell me whether these registrars give any guarantee?—Yes.

2440. If they do, how is it that you came to lose money by this registrar?—This happened to be a peculiar case, where the amount lost was over and above the guarantee. It was a case of a registrar who put all the money into his pocket and paid nothing at all, and his fellow solicitors in the town appear to have allowed him to do so, and made no complaint whatever for six months.

2441. Can that sort of thing go on with other registrars now?—In very few cases.

2442. Could you not have taken steps to prevent that; if you had taken a sufficient guarantee, for instance?—The guarantee might be increased, certainly. It is generally supposed to be sufficient, and always has been found so.

2443. How do you fix the guarantee?—It is fixed on the number of plaints; for so many thousands of plaints they give so many hundred pounds guarantee.

2444. Have you considered whether the guarantee is sufficient in the case of your officers?—We have considered the point, and we consider that the guarantees are sufficient. This was a very exceptional case.

2445. What was the amount of the guarantee?—£.225. In the case where they give the guarantee of an association instead of private sureties, they are allowed to take off one-fourth, so that it is so much smaller.

2446. Have you no means of checking them from time to time to see that they do not appropriate any of the money?—Our auditors audit the accounts every three months, and make them produce the money. In this case he could not produce the money, and therefore the Treasury reported it to the Lord Chancellor, and received a reply that the registrar had sent in his resignation. But the Treasury have now decided that all courts, whether large or small, except two or three very small courts, should keep banking accounts, and we hope that by that means there will be no similar loss in future.

2447. Is there any order made as to how often they should bank the money?—No.

2448. They could keep it for three months?—Yes; but they require the greater part of it in a small court for their daily purposes.

Civil Service Appropriation Accounts.

Vote 5.—Loss by Failure of a Registrar—*continued.*

Mr. *Arthur O'Connor.*

2449. Have they not to keep a separate account under the county court rules?—They have now, except in one or two of the smaller courts, where they produce the money to the auditor when he audits.

2450. Had the court where this loss occurred bankruptcy jurisdiction?—No, I think not.

Mr. *Alpheus Morton.*

2450*. Do you think it is right that registrars should hold the money for three months?—They do not generally hold it for three months; they are paying it out daily. And their salaries in a small court amount almost to the amount of the fees they receive; in fact beyond, sometimes.

2451. If they are going to keep an official account they would pay the money out by cheque, would they not?—Not every small item.

2452. Have you any rule that they should bank the money within 24 hours, or 48 hours, or anything of that sort?—No; we generally tell them they should bank everything over 10*l.*

2453. But when you say you tell them, is it made a rule?—That is the rule. If our examiner noticed that they kept more money in hand (except in some of the larger courts where they require a larger amount to pay out), they would see that that rule was carried out.

Mr. *Hanbury.*

2454. Was this loss in addition to the guarantee, and in addition to any arrears of salary?—Yes.

2455. What was the salary?—I cannot say at the moment. I should think about 200*l.* a year.

Mr. *Arthur O'Connor.*

2456. What county court was it?—Bromsgrove, in Worcestershire.

Mr. *Alpheus Morton.*

2457. (To Sir *C. L. Ryan.*) Do you think there is a sufficiently clear arrangement with regard to banking this money?—These regulations have been made recently, and the Treasury are of opinion, as they state in their letter, that no further steps need be taken to increase the security that all the county court fees are duly accounted for; and upon the responsibility of the Treasury and unless something should occur that would cause me to bring anything fresh up, I do not see any reason to object.

2458. You think the arrangements are sufficient for the protection of public money?—The Treasury are responsible in the first instance, and I have no reason to doubt that they have taken full precautions in this matter.

22 *May* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Pike. [*Continued.*

Civil Service Appropriation Accounts.

Unpaid Fines for Assault on Bailiff.

Mr. *Arthur O'Connor.*

2459. (To Mr. *Pike.*) How is it that the fine has not been recovered in the case which is referred to in paragraph 5?—They could not levy at the time, because the bailiff went with two or three policemen, and they were surrounded by 100 or 200 farmers and farm labourers, and they were afraid. I wrote last week for the purpose of obtaining further information to satisfy the Committee, and the registrar informs me that the fines have not been paid nor have the orders been enabled to be served, because the defendant keeps out of the way.

2460. The officer is in bodily fear still?—Yes, he has to take a large force of police with him, about a dozen, whenever he goes.

Mr. *Thornton.*

2461. Where is the place where this arises?—Newcastle-in-Emlyn, in Carmarthenshire.

Mr. *Alpheus Morton.*

2462. What was the nature of the levy; what was it about?—It was about tithe.

Mr. *Thornton.*

2463. Is there an agitation against the tithe there now?—Yes, there is still an agitation there.

Mr. *Arthur O'Connor.*

2464. You have had similar difficulties in Kent, have you not, with regard to the special tithe?—I believe there were some difficulties of a similar nature in Kent.

2465. There also I think the officers have been in bodily fear, but the fines have been recovered?—In the case of Newcastle-in-Emlyn special application was made to the Home Secretary to allow more policemen to go with the bailiff, who has been nearly killed two or three times. It is a special man who goes; the ordinary bailiff would not undertake the duty.

Mr. *Thornton.*

2466. What did the Home Secretary say?—He communicated with the county authorities, and they supplied the bailiff with more police.

2467. It is a serious thing in this civilised country that you should not be able to collect 5*l.* because the man is threatened?—If you have 200 or 300 lawless characters about it is very difficult.

Mr. *Arthur O'Connor.*

2468. Are we to understand that because there are 200 or 300 lawless characters about this money is not to be recovered; are we to understand that there is a *force majeure* in the neighbourhood, and that the executive are not able to cope with it?—In outlandish places lying up amongst the hills they do not like meeting it.

Mr. *Alpheus Morton.*

2469. Does this sort of difficulty continue still?—It is not so bad now, because they take more policemen to levy the tithes; but the registrar states that the man keeps out of the way now that they have more police to enforce it.

2469*. The Comptroller and Auditor General states that there has been another fine imposed in January 1894?—Yes, on the same man.

Mr. *Thornton.*

2470. He must be an owner and occupier now, or it could not occur?—It was a fine upon the man for assaulting the bailiff.

Mr. *Arthur Williams.*

2471. You say this is with regard to the execution of process under the New Tithe Act?—Yes.

2472. Which imposes a duty on the county court bailiff?—Yes.

2473. The assault in both cases arose during the execution of the process?—Yes.

2474. As I understand from the paragraph in the Report, the fine was imposed for resisting the levy?—Yes, for assaulting the bailiff during the levy. The process was issued from the court to the bailiff to levy the money, the same as it would be issued to levy a debt.

2475. It was equally difficult to levy the fine as to levy the tithe?—Yes.

Civil Service Appropriation Accounts.

Vote 5.—Unpaid Fines for Assault on Bailiff—*continued.*

Mr. *Alpheus Morton*—continued.

Appropriations in Aid.

Chairman.

2476. (To Mr. *Pike.*) In paragraph 7 the Comptroller and Auditor General states that he has been considering the question whether the examination of receipts from fees and fines should be extended by the application of a local test or otherwise, and he goes on to say, "Having regard to the fact that the books and records of the registrars are not kept at the chief office in London, and that consequently any test examination by my Department would have to be carried out at the various county courts, and in view of the circumstance that the accounts in question are already checked in detail and certified to by officers appointed by the Treasury under the County Courts Act, 1888, I have not thought it necessary to attempt to verify the accuracy of the amounts brought to credit as Appropriations in Aid, but have accepted them as correct under the certificate of the officers above mentioned." Have you any remarks to make upon that subject?—No, I have none.

2477. You think that the Comptroller and Auditor General may be assured that these certificates are correct, I suppose?—Our travelling auditors audit the accounts at the courts, they examine the books and audit them at the court, and any further audit would only be a repetition of what is done by the Treasury auditor.

2478. You consider that quite sufficient?—Yes.

2479. That

22 *May* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Pike. [*Continued.*

Civil Service Appropriation Accounts.

Vote 5.—Appropriations in Aid—*continued.*

Chairman—continued.

2479. That is an audit by the Treasury?—Yes.

2480. That is in a certain sense independent?—Quite so.

2481. (To Sir *C. L. Ryan.*) Have you any further remarks to make upon this point?—I have nothing to say further than that I thought it necessary to define my responsibility in the matter.

2482. (To Sir *E. W. Hamilton.*) Have you anything to say upon this subject?—No.

Mr. *Alpheus Morton.*

2483. (To Sir *C. L. Ryan.*) You do not, I understand, consider it would be your duty to test this examination?—It would quite fall within my duty, if I thought it was desirable or necessary.

2484. You think it is not necessary?—No; I think when one independent set of officers goes down for the purpose it would not be worth the expenditure to send another set of officers for the same work.

2485. (To Mr. *Pike.*) Are these travelling auditors quite independent of the county court?—They are quite independent of the registrars and officers of the county courts.

2486. Are they appointed by the Treasury?—Yes.

Mr. *Arthur O'Connor.*

2487. How often do they audit the accounts?—In most places every three months; in some of the smaller courts, every six months.

2488. At Bromsgrove are the accounts audited every three months?—No; that is a six months' court.

2489. How many defaulters have you had amongst the registrars of county courts in the last 10 years?—I cannot say. I have only been superintendent for four years, and this is the only case since I was appointed.

[Mr. *Pike* withdrew.

On Vote 6.

Police Courts, London and Sheerness.

Chairman.

2490. (To Sir *E. W. Hamilton.*) In the last sentence of paragraph 3 of the Report upon this Vote the Comptroller and Auditor General states that he has inquired of the Home Office whether any decision has been arrived at with regard to the revision of the salaries of the police court officials and the payment to the Exchequer of the fees hitherto retained by them for copying depositions, and he is informed that the Home Secretary hopes to deal with the matter in a Bill which he proposes to introduce; has that Bill been introduced?—It has been introduced in the House of Commons.

Civil Service Appropriation Accounts.

Vote 6.—Police Courts, London and Sheerness—*continued.*

Chairman—continued.

2491. Unless that Bill is passed, this matter cannot be dealt with, I suppose?—I think not.

2492. (To Sir *C. L. Ryan.*) Have you anything further to say upon the point?—I have nothing further to say.

2493. You agree that it cannot be dealt with without legislation?—I presume it requires legislation.

Mr. *Alpheus Morton.*

2494. (To Sir *E. W. Hamilton.*) Supposing they do not pass their Bill, will they go on on the same system?—I presume the question would remain *in statu quo.*

2495. (To Sir *C. L. Ryan.*) The same objection will remain, I presume, until they make an alteration?—If it requires legislation it must be so.

Mr. *Thornton.*

2496. (To Sir *E. W. Hamilton.*) I suppose the Government are doing the best they can to pass this Bill?—I believe so.

On Votes 7 and 8.

Chairman.

2497. (To Sir *C. L. Ryan.*) Do I rightly understand that on Votes 7 and 8 you have no matters to bring before our notice?—I have nothing to put before the Committee.

On Vote 7.

Police, England and Wales.

Mr. *Alpheus Morton.*

2498. (To Sir *E. W. Hamilton.*) I observe it is stated in paragraph 4 that the sum of 647*l.* has been written off as lost by fraud. That loss occurred through the default of a cashier; who would be the person to answer as to that?—The Receiver for the Metropolitan Police District would be able to answer that; but I think he is not here. I do not think the Comptroller and Auditor General raises any question upon this account. The honourable Member will remember that this is not a voted account; this is an account, so to speak, tacked on to the Vote, but it is not dealing with voted money.

2499. (To Sir *C. L. Ryan.*) We can go into the whole of the account; you audit the whole of the account, do you not?—Yes, I do.

2500. (To Sir *E. W. Hamilton.*) We can go into the whole of the account on this Vote, can we not?—I presume so.

2501. This is another case like the one we were talking about just now; can you give us any particulars about it?—I am afraid I cannot give the honourable Member any information.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 7.—Police, England and Wales—*continued.*

Mr. *Alpheus Morton*—continued.

2502. I want to know what guarantee these cashiers give?—I believe I am right in saying there is no guarantee, but I am not sure. It is not the rule in the public service to give guarantees. That matter has been considered, and the Treasury have decided against it.

2503. However, this account would not come exactly under that heading, because it is a separate service, and belongs to London alone?—That is so.

2504. (To Sir *C. L. Ryan.*) Can you give us any further information about this?—I cannot help the Committee with regard to the guarantee given by the cashiers; but perhaps I may say the whole of the circumstances connected with this fraud have been shown to me in a report which the Home Secretary wishes, for particular reasons, should be considered confidential. I have gone into it carefully and I do not think, beyond the fact that it was my duty to state any loss of public money, there are any circumstances which it would be desirable or necessary for the Committee to inquire into. That, of course, is apart from the further question whether there should or should not be guarantees; which, as Sir Edward Hamilton has stated, is not now the practice in the public service; guarantees are not usually taken in the public service.

Chairman.

2505. (To Sir *E. W. Hamilton.*) I understand that the matter of guarantees has been considered?—Certainly; it has been considered over and over again, and decided in the sense of dispensing with guarantees.

Mr. *Buchanan.*

2506. (To Sir *C. L. Ryan.*) I observe you state in the second sub-head of paragraph 4 of your Report that "fresh regulations have been issued which should prevent the recurrence of a similar fraud in future." Are you satisfied that if those regulations had been in existence they would have prevented this case occurring?—So far as I can judge for the future I think it will be so. But they do not include guarantees, because guarantees are not the practice of the service.

Mr. *Alpheus Morton.*

2507. Have you seen the fresh regulations that have been issued?—Yes, I have seen the whole of the papers.

Mr. *Arthur O'Connor.*

2508. (To Sir *E. W. Hamilton.*) What is the maximum amount which would be in the hands of this late cashier?—I could not say.

2509. What was his status; was he a policeman?—I am afraid I am not acquainted with the circumstances at all.

2510. (To Sir *C. L. Ryan.*) Do you know what would be the amount of money that would pass into the hands of this man?—I cannot say.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 7.—Police, England and Wales—*continued.*

Mr. *Arthur O'Connor*—continued.

2511. Do you know any other case in the Civil Service in which a man of a similar status would be entrusted with the sum that this man had?—I cannot answer that question.

Mr. *Alpheus Morton.*

2512. This account deals, I observe, with a very large sum of money altogether?—Of course the total amount is large; but of course that does not necessarily imply there would be a very large amount of money in the cashier's hands at one time.

Mr. *Arthur O'Connor.*

2513. (To Sir *E. W. Hamilton.*) Was this public money?—Part would be; part of the provision for the police comes out of the rates.

2514. Some of it, at all events, is public money?—Yes.

Mr. *Alpheus Morton.*

2515. Is it not four-ninths out of the Consolidated Fund and five-ninths out of the rates?—I believe that is so.

Mr. *Arthur O'Connor.*

2516. At any rate, some part of it is public money and has been lost by fraud, and we have not had a full explanation with regard to it?—There has been an inquiry into it; the system of account keeping has been most carefully gone into, and a new system of accounting has since been established.

2517. That is the extent to which the evidence before us goes, but we have not an explanation ourselves?—That I am able to state on authority from one of the gentlemen who inquired into the question.

Further consideration of Vote 7 postponed.

On VOTE 8.

PRISONS, ENGLAND AND THE COLONIES.

Mr. *Alpheus Morton.*

2518. (To Sir *C. L. Ryan.*) I should like to ask you a question with regard to the local test examination of Store and Manufacturing Accounts which you refer to in paragraph 7 of your Report on this Vote. That local test examination is of the accounts and books, I presume, and not of stock and that sort of thing?—It is a test examination of the books at the prisons.

2519. But that, I suppose, covers the work done?—It is of the accounts of the work done and the materials bought.

2520. Is that local test examination in any way under you?—It is mine entirely.

2521. Have

Civil Service Appropriation Accounts.

Vote 8.—Prisons, England and the Colonies —*continued.*

Mr. *Arthur O'Connor.*

2521. Have there not been some new regulations drawn up by a very able officer of the Prisons Department with regard to these Store Accounts?—You refer to Mr. Duncan, I presume.

Civil Service Appropriation Accounts.

Vote 8.—Prisons, England and the Colonies —*continued.*

Mr. *Arthur O'Connor*—continued.

2522. Yes?—I have had an opportunity of bearing testimony to those regulations last year.

Mr. Carey John Knyvett, C.B., called in; and Examined.

On Vote 9.

Reformatory and Industrial Schools, Great Britain.

Chairman.

2523. (To Sir *E. W. Hamilton.*) In paragraph 4 of the Report on this Vote the Comptroller and Auditor General states that the Home Office have informed him that the Treasury have recently authorised the appointment of an additional sub-inspector, with a view to a test verification of the returns rendered by the managers of reformatory and industrial schools, and of a more direct supervision of the collection of parents' contributions by the reformatory inspector's agents; have you any remark to make upon that statement?—The appointment of an additional sub-inspector has been agreed to by the Treasury. I have reason to believe that the Home Office do not think that they will be able to legislate generally with regard to industrial schools, but they hope to be able to introduce some clauses into an Education Bill, that will facilitate the collection of these contributions from the parents.

2524. (To Sir *C. L. Ryan.*) Have you any remark to make upon this subject?—No; I think it is a satisfactory result of the Committee's Report, for it is really due to that.

Chairman—continued.

Mr. *Alpheus Morton.*

2525. (To Mr. *Knyvett.*) On page 289, under item F., I see the explanation is that the decrease of expenditure is accounted for by the provision of free education in the public elementary schools; how do you explain that; how do the ordinary public elementary schools have anything to do with these industrial schools?—Apparently that statement was made on the explanation of Mr. Rogers, the inspector, who does not appear to be here at the present time.

2526. (To Sir *C. L. Ryan.*) Do you understand this explanation as regards Sub-Head F.?—I am not responsible for the explanations given in the accounts.

2527. I understand that; but I thought perhaps you might have gone into this point?—No.

Arrears, Parental Contributions.

Chairman.

2528. (To Mr. *Knyvett.*) In the last two sentences of paragraph 5 the Comptroller and Auditor General remarks that in many instances fresh arrears have accumulated within the period of the present account, and that in connection with this subject he has requested the Home Office to furnish him with a statement of the total amount in arrear at the 31st March 1894, but up to the date of the Report he had received no reply; can you inform the Committee whether a reply has been sent?—A reply has been sent to the Comptroller and Auditor General since the date of this Report.

2529. (To Sir *C. L. Ryan.*) Have you received the reply?—I have received the reply since the Report was written; and it appears by that reply that the arrears have been considerably reduced on the ground that, as it is stated, they cannot be recovered for more than six months, and that that is now the legal decision; at least it seems to be the decision of the Chief Magistrate, which the Treasury say they concur in. The Treasury, in their letter of the 23rd March 1895, say, "My Lords are advised that the opinion tendered by Sir John Bridge to the Secretary of State is correct, and that proceedings to recover arrears of parental contributions by summary proceeding are subject to the limitation of time prescribed by Section 11 of 11 & 12 Vict. c. 43."

Chairman—continued.

2530. May I take it, on the whole, you are satisfied and think you cannot get further?—A large number of arrears now disappear by virtue of that decision. (Mr. *Knyvett.*) On 31st March 1894, instead of the 40,000*l.* mentioned in the paragraph, only 11,865*l.*, I find, was outstanding.

2531. That is an improvement?—Yes.

2532. (To Sir *E. W. Hamilton.*) Have you anything to remark upon that point?—No; nothing beyond what the Comptroller and Auditor General has said.

Civil Service Appropriation Accounts.

Vote 9.—Arrears, Parental Contributions —*continued.*

Mr. *Mowbray.*

2533. (To Mr. *Knyvett.*) That improvement you refer to is merely that you have written them off as bad debts irrecoverable?—I am afraid that is the correct view of the matter; they were written off in consequence of the opinion given by the Chief Police Magistrate to which the Comptroller and Auditor General has referred.

2534. (To Sir *C. L. Ryan.*) Was this decision given by Sir John Bridge in court?—No; it was communicated in a letter from him to the Home Office, and it has been accepted as a judicial decision with regard to these arrears.

Civil Service Appropriation Accounts.

Vote 9.—Arrears, Parental Contributions —*continued.*

Mr. *Mowbray*—continued.

2535. It was during the course of the last 12 months?—Yes.

Mr. *Arthur O'Connor.*

2536. (To Mr. *Knyvett.*) Even if you cannot, under the Summary Jurisdiction Act, recover the money, is there any reason why you should abandon the claim; because as further claims accrued you could have a running account, and it might well be in the end you would recover all the money from the particular parents?—Perhaps you would allow the sub-accounting officer to answer that question.

Mr. William Costeker, called in; and Examined.

Mr. *Arthur O'Connor.*

2536*. (To Mr. *Costeker.*) Why should you write off as irrecoverable amounts which you cannot indeed recover under the Summary Jurisdiction Act, but which you might still debit the parents with and keep a record of?—It is in consequence of the utter inability of the parents to comply with the orders made. Most of these parents are destitute, and in deplorable circumstances. There is very little chance of recovering more than six months' arrears in the cases of any of the parents we have to deal with.

2537. Is that the real feeling in the Department?—Quite so.

2538. That a large number of the defaulting parents are absolutely unable to pay?—Yes, absolutely unable to pay.

2539. Would you be surprised to learn that it

Mr. *Arthur O'Connor*—continued.

is not the opinion of people concerned with voluntary efforts outside?—I fancy that the majority of the parents of children in industrial schools are poorer than the parents of children in ordinary schools.

2540. I am speaking of parents who have children in industrial schools. At all events, the Department does not share the opinion that prevails outside, that the parents of industrial school children are let off very easily?—Certainly not.

Mr. *Thornton.*

2541. Is this likely to continue?—Yes; if the collection is regulated by the Small Penalties Act of some years ago, under which the payments are recoverable.

[Mr. *Knyvett* and Mr. *Costeker* withdrew.

Dr. David Nicolson, called in; and Examined.

On Vote 10.

Broadmoor Criminal Lunatic Asylum.

Chairman.

2542. (To Dr. *Nicolson.*) In the second subhead of paragraph 4 of the Comptroller and Auditor General's Report he states that, in reply to a letter of his in which he expressed the hope that the adoption of a certain system at Broadmoor would be no longer delayed, especially in regard to the use of conversion books and the question of inviting tenders for supplies, the accounting officer stated that the latter points had been under the consideration of the Council of Supervision, but the Comptroller and Auditor General had not, up to the date of his Report, received information of the decision arrived at; can you state to the Committee what the decision has been, presuming there has been one?—The decision has been that it would be possible

Chairman—continued.

to carry out the proposals and the regulations laid down in the instructions for prison accounts, if we had the staff to do it; but the Council of Supervision, who considered the matter, did not feel that they would be justified, under the circumstances shown, in recommending the further expenditure for the clerical and other staff that would be required to carry out those provisions.

2543. Therefore at present the thing is not yet done?—We have made an attempt to bring our accounts into line with the new programme, but it has only been able to be done in a small degree.

2544. Have you made any application to any authority for the necessary staff?—A letter has been sent to the Comptroller and Auditor General,

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Civil Service Appropriation Accounts.

Vote 10.—Broadmoor Criminal Lunatic Asylum —*continued.*

Chairman—continued.

General, and there the matter rests for the present.

2545. I presume it would not be for the Comptroller and Auditor General to apply for the staff that you require; it would be for you to refer to your superior authority, would it not? —Our feeling is rather that the expenditure would not be justified by the return.

2546. (To Sir *E. W. Hamilton.*) Have you any remark to make upon what Dr. Nicolson has said?—No.

2547. Has any reference been made to the Treasury?—No, I do not think any reference has been made to the Treasury, as yet.

2548. Would Treasury sanction be necessary, supposing the application were made for any increase of staff?—Yes.

2549. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—I only received the letter from the chairman of the Council on the 25th of April, and I have not been able to give it full consideration. The question is in this position: that the Broadmoor accounts are not kept in the same way, or to the same extent, as the accounts of the ordinary prisons. If it is thought that Broadmoor is, from its exceptional position, not necessarily to be put into line with the prisons, that, I think, is an administrative question which might be properly decided by the Home Secretary; but, so far as I am concerned, I should not be prepared to let it drop until it had been considered administratively by the Treasury and by the Home Office. If they come to the conclusion that a staff is not necessary for the purpose of doing at Broadmoor that which is done at the prisons, of course I should have nothing further to say; but I am not in a position, on my own authority, to decide that question now.

2550. (To Sir *E. W. Hamilton.*) May the Committee understand that the Treasury will inquire as to whether something ought to be done in regard to what the Comptroller and Auditor General says; that is to say, whether the accounts of Broadmoor are to be brought into line with the accounts of the prisons?—I think the Treasury would wait to have some representation made to them upon the point from Broadmoor.

2551. (To Dr. *Nicolson.*) Who is your immediate superior; who do you communicate with? —The Council of Supervision communicate with the Home Secretary.

2552. Your immediate superior is the Council of Supervision?—Yes.

2553. And their immediate superior is the Home Office?—Yes.

2554. The Home Office, I presume, would have to refer to the Treasury?—Yes, for any sanction of expenditure.

2555. May the Committee understand that you will bring to the notice of the Council of

Civil Service Appropriation Accounts.

Vote 10.—Broadmoor Criminal Lunatic Asylum —*continued.*

Chairman—continued.

Supervision what the Comptroller and Auditor General has said?—The Council of Supervision have considered the matter, and there were found to be numerous difficulties connected with the working out of the prisons system at Broadmoor, which, in the end, decided the Council of Supervision not to recommend that a further expenditure should be sanctioned or asked for, unless some further pressure is placed upon them. For instance, this conversion of material into garments with us is a somewhat different thing from what it is in the prisons, because we only make for our own inmates and officers, whereas in the prisons they make for the outside world.

2556. You would argue that, notwithstanding what the Comptroller and Auditor General says, these accounts need not be on the same footing as those of the prisons; is that the contention? —The question comes to be a matter of expenditure; we can carry this out if we have the staff to do so, but at present the feeling is that it is not worth while.

2557. The feeling is that it is not worth the expenditure necessary to bring these accounts into line with those of the prisons?—In a general sense that is so.

2558. (To Sir *E. W. Hamilton.*) Have you anything further to say upon this point?—Nothing beyond this, that if it was agreeable to the medical superintendent of the Broadmoor Criminal Lunatic Asylum I would arrange that one of the Treasury officers of account should go down and confer with him as to the necessity of trying to bring these accounts into line with the prison accounts.

2559. (To Dr. *Nicolson.*) What have you to say to that suggestion?—That, I think, would meet the case.

2560. (To Sir *E. W. Hamilton.*) May we understand that you will make some reference to the Treasury with regard to this point of bringing the accounts into line?—I will undertake that one of the Treasury officers of account shall go down and confer with the medical superintendent on the point.

Mr. *Arthur O'Connor.*

2561. (To Dr. *Nicolson.*) Broadmoor is a lunatic asylum, not a prison, is it?—It is both a lunatic asylum and a prison.

2562. It is a lunatic asylum where the patients are prisoners?—They are both patients and prisoners.

2563. Do you mean to say you have Broadmoor prisoners who are not patients?—They are all patients; they are all inmates.

2564. It is an asylum, is it not?—It is an asylum.

2565. In which the patients are prisoners?—That is so.

2566. You have to deal with them as lunatics? —Yes.

Civil Service Appropriation Accounts.

Vote 10.—Broadmoor Criminal Lunatic Asylum —*continued.*

Mr. *Arthur O'Connor*—continued.

2567. Although they happen to be prisoners?—Although they are prisoners.

2568. The accounts referred to in the "Manual of Instructions for Prison Accounts" were drawn up for prisons, were they not?—Yes.

2569. Not for lunatic asylums?—An effort is being made to make them apply to lunatic asylums; but, so far as I know, they were drawn up simply for prisons.

2570. You have conducted your accounts during the period of this account as they were conducted before, have you not?—Yes.

2571. (To Sir *C. L. Ryan.*) I understand you to say that these accounts are compiled with accuracy and with care?—Yes, I think so; they are not so full as they might be.

2572. From an accountant's point of view is there any objection to them?—Yes, I think they are not quite as full or as complete as they might be. I do not think the question as between patient and prisoner comes in in any matter which I have had to deal with, because I am concerned only with the question whether the account shows the outturn of work that has been done by these persons, whether patients or prisoners.

2573. We have had recently a Committee upon Prison Administration, in which the whole of these accounts dealt with in this manual have been before us, and I am very conversant with the whole matter; but I do not know that it was ever suggested to us that it was intended to extend that system of account to Broadmoor Lunatic Asylum?—(Dr. *Nicolson.*) I may say we are very anxious to fall in with the Comptroller and Auditor's General's views; there is no difficulty in that sense.

2574. What amount of extra expenditure do you think would be necessary to bring the accounts into line?—To begin with, we would require a clerk with a salary of from 140*l.* to 190*l.*, and after that, for what we should have to do, we should require one or two journeymen as shoemakers and tailors, and that would be another 100*l.* a year at least.

2575. That would make it 240*l.* additional?—I am speaking very roughly; I think at the least it would require from 240*l.* to 300*l.*

2576. The reason I ask is this, that I see you have expended less than your grant under the head of salaries by 213*l.*?—That results from the fluctuation of the staff and the question of increment.

2577. So that the extra expenditure you speak of would not have involved any substantial increase of your Vote?—Not in that one year, but these would have to be permanent appointments, and would go on every year.

2578. Under item A., "Salaries and Wages," you have an economy of over 200*l.*, and on the total Vote you have an economy of about 400*l.*, so that you could, according to the figures you submit now, introduce any such alteration in the accounts without asking for any substantial increase of your Vote?—We would have to ask for an increase of the Vote to the extent of the increase of expenditure for each case.

2579. Taking the extra expenditure at the sum you mentioned it would not exceed the economy below the grant effected in the last financial year?—In this particular year apparently it would not.

2580. But you generally have a saving on this Vote, have you not?—We have.

2581. So that the experience of several years in succession is that you might spend 200*l.* or 300*l.* in recasting your accounts without actually exceeding what the Vote would be under ordinary circumstances?—It is only a question of Treasury sanction; if they choose to sanction the expenditure there is no difficulty about it.

2582. There is no objection on the part of the authorities at Broadmoor?—None whatever. If the Treasury choose to sanction what is a desirable alteration in the mode of keeping the accounts it could be done; but there is rather a question whether we should go and ask for the money in view of the small benefit accruing from it.

Mr. *Alpheus Morton.*

2583. Do you look after this Farm and Garden Account on page 294?—Yes.

2584. It does not seem to pay very well, does it?—The Farm Account pays as a farm attached to us, because otherwise we would have a difficulty in getting our supplies in that remote part without paying more than this costs us.

2585. I suppose on the receipt side you allow for all that; you charge yourselves with that?—We charge a trifle under the market prices for everything.

2586. I see according to this rough statement on page 294 you only make 10*l.* profit, and you pay nothing for labour; that is to say you pay nothing for the patients' work or in respect of capital?—That comes in the Vote; the farm is outside the Vote.

2587. It is not a very paying business, is it?—I should say it would be a still less paying business if we had not got the farm.

2588. You do not seem to make money out of the land?—I think the value of the farm to us does not appear here, because we save on the general Vote by the use of the farm horses and carts for cartage; and that does not appear on the accounts.

2589. That is not shown on the receipts?—The existence of the farm saves the general Vote for the asylum to the extent, I should say, of 200*l.* or 300*l.* a year.

2590. On the face of the account it does not look as if you made the farm and gardening pay very well?—I never looked at it in that light.

2591. Can you tell me, referring to page 293, why the superintendent received 74*l.* 15*s.* extra remuneration as fees?—Those were occasions on which

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Vote 10.—Broadmoor Criminal Lunatic Asylum —*continued.*

Mr. *Alpheus Morton*—continued.

which the superintendent was sent on instructions from the Home Secretary to examine into the mental condition of people sentenced to death.

2592. But he does not do that in his spare time, does he?—That is not a matter for me. It has always been regarded as a serious occupation for anybody to have to carry out.

2593. It is in the shape of extra salary, is it?—It is an addition to his salary for responsible work carried out.

2594. Then a little lower down I observe that the chaplain received 61*l.* 2*s.* 10*d.* extra also for examination fees as assistant examiner in mathematics; why does he get that extra remuneration?—This is the first year in which that has appeared, because our new chaplain who was appointed received those fees as examiner, and we did not feel it would be necessary to deduct that sum from his earnings.

2595. Will that go on in future?—That will go on in future. But all these extra remunerations have to be expressed on the face of the account.

Mr. *Arthur O'Connor.*

2596. The chaplain may do this work in his leave time, I suppose?—Yes; or in his evening time.

Mr. *Alpheus Morton.*

2597. He does it outside your work?—Yes; outside our work.

[Dr. *Nicolson* withdrew.

Mr. ALFRED RICHARD PENNEFATHER, called in; and Examined.

On postponed VOTE 7.

METROPOLITAN POLICE FUND.

LOSS BY FRAUD.

Chairman.

2598. (To Mr. *Pennefather.*) IF you will refer to the Report of the Comptroller and Auditor General on the Metropolitan Police Fund on page 280, you will observe in the last two subheads of paragraph 4 it is stated that there was an amount embezzled by the late cashier in the Receiver's Department; and it appears that the matter was inquired into by a committee consisting of the Deputy Accountant General of the Navy and the Treasury Officer of Accounts. The paragraph goes on to say, "From their Report, and from the documents showing the action taken by the Home Department thereupon, it would appear that fresh regulations have been issued which should prevent the recurrence of a similar fraud in future. The cashier, it may be added, was tried, and on conviction sentenced to six months' hard labour." Upon that the Committee would desire to know what were the circumstances, in brief, of this fraud; in the first place how came it to be successfully committed; secondly, what is the nature of the precautions taken for absolute prevention; and further, how is it that nothing is done to establish a guarantee fund as a security against loss; we understand that it is not the rule in your Department to have a guarantee fund as appears to be the rule in some other Departments?—There is no rule requiring any officer in my Department to give a security against loss.

2599. As regards the first part of my question, will you, in the first place, explain what were the circumstances of the fraud, and how it came to be committed?—Certain sums came into the hands of the cashier, and he did not account for them. For example, he had to deduct income tax from the salaries of certain officers. I had to render to the Inland Revenue Department at the end of the quarter a statement showing how much income tax had been deducted, and how much had been paid over. The cashier falsified that statement, and in one case he put down that he had received 100*l.* less than he had actually received. Of course a mistake like that must be found out in time, but it is very difficult to find it out at the moment. The income tax was received from pensioners who come up each quarter for their money, that is to say, the cashier paid them in cash over the counter, and if the pension is 20*l.* there may be 10*s.* income tax deducted from it, which the cashier kept. In a short time that would be found out, but it was not found out at the moment. That was one way he did it. The second way was, that we advanced money to the police officers who had to conduct any special inquiry, and when the inquiry was concluded it was the duty of those officers, as soon as their accounts were passed and paid, to return the imprest which I had given them to the cashier, who, instead of always entering it in the cash book or paying it into the Bank of England, put it into his pocket. That again was a fraud that he could make without

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Vote 7.—Loss by Fraud—*continued.*

Chairman—continued.

without discovery for the moment, but it was quite certain to be detected in a short time as it was detected.

2599*. Was it speedily detected?—The first money that he took was not a very large amount; then he knew that it would be detected within a month, and so he took another sum, which was rather larger to cover it, and each time he went on taking a larger sum until we found it out. The whole defalcation only went over a period of about six months, I think.

2600. In what way do the new regulations render it practically impossible for that to recur?—To explain that thoroughly would involve giving a rather long explanation to the Committee.

2601. Can you tell us briefly what is the main point?—We very carefully went through the whole of the finance regulations with the Treasury Officer of Accounts and the Deputy Accountant General of the Navy, and also the Home Office representative, and we framed fresh financial regulations. Amongst other things which these regulations secured was to prevent police officers ever paying money to the cashier. In the case of this cashier his main source of getting money was from these imprests as I have described; that has been put a stop to.

2602. (To Sir *C. L. Ryan.*) Have you any remark to make upon what Mr. Pennefather has said?—I have nothing to say.

2603. (To Sir *E. W. Hamilton.*) Have you anything to say?—No.

2604. (To Mr. *Pennefather.*) What is your opinion with regard to establishing a guarantee fund or taking guarantees?—It is like an insurance; some people insure their houses to provide against risk from fire; in the metropolitan police we do not insure the police buildings, we take the risk ourselves, and so in the case of these officers we take the risk, and it is a very small risk after all.

2605. You think it is better, financially, to take that risk than to establish a guarantee fund?—I think it is better to take the risk, because if it can be proved that any officer has neglected his duty, the Secretary of State would visit that officer with punishment. In this particular instance I offered to refund to the police fund the 647*l.* if the Secretary of State considered I had neglected my duty, and the Secretary of State, having inquired into it, absolved me.

2606. On the whole, so far as you know, your Department does not recommend the establishment of a guarantee fund?—I should not recommend it or think it necessary.

Mr. *Arthur O'Connor.*

2607. What amount of money in the year would pass through the hands of this particular official?—At pension time there would be about

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Vote 7.—Loss by Fraud—*continued.*

Mr. *Arthur O'Connor*—continued.

50,000*l.*; that is each quarter, which would represent 200,000*l.* in the year; there would be about 35,000*l.* or 40,000*l.* passing through his hands the first few days of each quarter.

2608. Would that be the only sum with which he dealt?—No; he would deal with the ordinary petty cash payments. I cannot quite tell what they would be, but I should think they would be about 500*l.* a week.

2609. That would be another 25,000*l.* a year?—Yes.

2610. Would he have anything to do with the payments on account of police specially employed?—I do not quite follow you.

2611. Would he have anything to do with the payments made?—Yes, he would make all the payments, but they would be made by cheque.

2612. I mean payments made for the services of the police specially employed outside their usual duties?—He would not receive the money from those who employed the police; all moneys due to the Receiver of Police have to be paid into the Bank of England under the Act.

2613. Would he have anything to do with the "Contribution on rental assessed from the local taxation account." which I see last year amounted to 631,000*l.*?—No.

2614. Nor with the receipts for salaries of the Commissioner, Receiver, and two Assistant Commissioners of Police?—Those are all paid by write-off; he would have nothing to do with those.

2615. Would he have anything to do with the amount received for the conveyance of prisoners?—That is paid direct by the Prison Commissioners into the Bank of England; he would not touch that.

2616. Would he have anything to do with the amount for "Stoppages from the pay of police for lodging"?—No.

2617. Or with the "Proceeds of the sale of old stores"?—No.

2618. Would not that be in the nature of petty cash?—That is paid by the auctioneer direct into the Bank of England.

2619. Then I see in the Metropolitan Police Account I have before me there is a receipt from "Fines and penalties levied by justices"?—Those are paid in by the justices' clerks to the Bank of England.

2620. Then there is an item "Miscellaneous Receipts;" would he have to do with that?—No; none of the receipts on the receipt side would pass through his hands with one exception, and that is the sums which we receive for selling the tables of distances which are exhibited at the hackney carriage stands, for which we charge 1*s.* each; these are the only sums he would receive.

2621. With regard to the issue of this 200,000*l.* of pension, are all the pensioners men liable to pay income duty?—No.

2622. Then

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Vote 7.—Loss by Fraud—*continued.*

Mr. *Arthur O'Connor*—continued.

2622. Then the whole sum is issued to him, as I understand; does he make the deduction in regard to income duty?—Each of the pensioners gives a declaration with regard to what his total income is, and then he is assessed in my office, and the assessor would direct the cashier who pays the pensioner how much he is to deduct from the pension.

2623. What does the pensioner get; does he get merely a warrant?—The pensioners under the old Act get their money in cash. They come to the office the first four days of each quarter, and are paid in gold and silver and bank notes.

2624. Is the amount payable in respect of income duty ascertained before the remittance is made to the cashier for the purpose of payment, or is it ascertained by communication with each individual man who comes up for payment?—He pays the net amount to the pensioner after deducting income tax.

2625. Take pensioner A., for example; is the amount to be deducted in his case for income duty ascertained before the cashier receives the remittance for payment, or does the cashier settle it with him?—It is settled before the pensioner comes up.

2626. Then the income duty would be deducted?—Yes, but we never know how many men are coming up; 50 or 500 may come, and we draw the money out of the Bank of England 7000*l.* at a time.

2627. If you issue for payment by the cashier only the balance payable after the deduction of income duty, he cannot, at any rate, appropriate the income duty?—You are assuming that I only draw out of the Bank of England, or issue to the cashier the absolute net amount, but that assumes that I know who is coming to be paid, which I do not know. My office is more like a bank, where the customers who come in on any one day may be a few or many.

2628. The amount which this man appropriated could not be the income duty, because that is deducted *ex hypothesi* before the remittance reaches him?—We have now taken effective steps against a similar fraud.

2629. My question is this: if the cashier handled only that which had to be paid to the pensioners, and the income duty had been already deducted, whatever he might embezzle could not be income duty money?—No.

2630. Then it was the pension money that he embezzled?—It is rather difficult to explain the system to the Committee.

2631. If you are master of the subject you will, no doubt, be able to explain it, and I think we should be able to understand it?—Without going very fully into details I would explain what our system is: we draw out of the Bank of England, say 7,000*l.* a day, during pension time, which is the first five days of each quarter. Before the pensioners come up we have prepared a receipt for each man showing the gross amount, the income tax deducted, and the net amount payable to him. If the man comes he is given his receipt; he signs it, and then he is given the net amount. Then the cashier has to enter into the book the net amount which is paid and the income tax deducted. At the end of the day, therefore, this cashier would have got the amount of the income tax deducted in his hand which he ought to have paid over to the Inland Revenue; but instead of putting down the right amount, he put it down 100*l.* wrong.

2632. I understand you to say that only the net amount was issued to the cashier, but according to your present statement the gross amount is issued to the cashier, including the income duty?—We do not issue either the gross or the net amount exactly. We issue an amount of 7,000*l.* or 8,000*l.* or 10,000*l.*, as we think we shall need it; it is not an absolute amount; it may be too much or too little according to the number of pensioners who apply on that day.

Chairman.

2633. If we are going into the system it may, perhaps, take some time, and it would probably be more convenient to postpone this Vote to a future sitting, and to take the postponed Vote No. 10 in Class II., which we could dispose of this afternoon?—It is difficult in a few words to make the system clear; but perhaps I might point out that the past system under which this fraud was possible is not the existing system, because, having seen where the fraud arose, we have now made fresh regulations on the subject.

Mr. *Alpheus Morton.*

2634. We should like to know what those regulations are; have you a copy of them here?—I have not got them here.

Mr. *Arthur O'Connor.*

2635. When you say that this occurred under the past system, this defalcation occurred within the period of account ending March 1894, did it not?—Yes.

2636. And that is the period we are dealing with now?—Yes.

2637. Perhaps it would be satisfactory for you to hand in the regulations, so that they may be before the Committee when we are considering this question again?—I will do whatever the Committee desire. If the Committee are going into the details of the account perhaps they would prefer to see my accountant, who is more conversant with the details than I am myself. I am, of course, quite ready to come myself if the Committee wish it at any future day.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 7.—Loss by Fraud—*continued.*

Chairman.

2638. Then we will adjourn this Vote for the present and ask you to attend with the accountant on a future day?—Yes.

Mr. *Alpheus Morton.*

2639. And in the meantime perhaps you would send us a copy of the new regulations?—Yes.

[Mr. *Pennefather* withdrew.

Further consideration of Vote 7 postponed.

Mr. THOMAS HENRY ELLIOTT, called in; and Examined.

CLASS II.

On postponed VOTE 10.

BOARD OF AGRICULTURE.

Chairman.

2640. (To Mr. *Elliott.*) IN paragraph 3 of the Comptroller and Auditor General's Report on this Vote reference is made to the payment of extra remuneration made to Major Tennant, the chief travelling inspector, for services connected with the enforcement of rules regarding rabies in dogs. I believe, as Secretary to the Board of Agriculture, you have written a letter to the Committee with regard to some questions that were asked at the last sitting of the Committee with regard to that matter?—Yes.

2641. Perhaps you would read that letter?—"Dear Sir,—No office hours have ever been prescribed in the case of Major Tennant and other members of our inspecting staff, it being requisite that their attendance should be determined by the particular requirements existing at the moment with regard to disease; but I may say that the duties for which the extra remuneration of 321*l.* 18*s.* 4*d.* was paid to Major Tennant were performed entirely in addition to those ordinarily devolving upon him, and that they necessarily entailed attendance on very many occasions beyond the hours laid down in the case of our purely clerical staff. The circumstances under which the payment was made are fully dealt with in the accompanying copy correspondence with the Treasury." Enclosed with that note was the copy correspondence with the Treasury referring to the point.

2642. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—No.

2643. Do you consider that there was any objection to paying the extra remuneration from your point of view?—None.

2644. (To Sir *E. W. Hamilton.*) Have you anything to say upon the point; the Treasury raise no objection, as I understand?—No, I have nothing to add.

Mr. *Alpheus Morton.*

2645. What I wanted to know was this: Major Tennant is paid a salary, is he not?—He is paid a salary.

Mr. *Alpheus Morton*—continued.

2646. For the whole of his time?—Yes, the Government have a claim upon the whole of his time.

2647. What is his salary?—I had better, perhaps, give the salary at the date of the special payment which the Committee have under consideration; at that date his total receipts were 750*l.*

2648. Then do you say this work for the London County Council or for London was done after his office hours?—It was done in addition to his duties; part of it may have been done during office hours and part of his official duties may have been done beyond office hours. He would, of course, deal with urgent matters immediately.

2649. Why should he stop after office hours to complete his own duties?—The whole arrangement was to meet a special emergency which had arisen. The Privy Council issued an Order in July 1889, requiring the muzzling of dogs in the metropolis. The County Council failed to carry out that Order, and therefore the Privy Council, in pursuance of the powers they had under the Contagious Diseases (Animals) Act, were compelled to make some arrangement for carrying out their Order in default of the London County Council, charging the expenses to the London County Council. The execution of the Order was accordingly placed under the superintendence of Major Tennant, who was the most experienced officer available for such a purpose. The London County Council made no objection to paying to the Board of Agriculture (who had succeeded the Privy Council in this matter) this amount of 100*l.* a year which they gave as remuneration to Major Tennant for his supervision.

2650. Was that money paid direct to Major Tennant without going through the Government accounts?—No, it went through the Government accounts; sums were received on one side and paid out on the other side.

2651. Is it not a very bad practice to pay an officer in that way for extra services?—As a general

Civil Service Appropriation Accounts.

Vote 10.—Board of Agriculture—*continued.*

Mr. *Alpheus Morton*—continued.

general principle I should admit that, but this was a very exceptional case, and it could only have been met in that way. We could not possibly have charged to the London County Council the whole of Major Tennant's time, which in fact was not given to the County Council, but it was very reasonable we should charge them with the 100*l.* and pay it to Major Tennant.

2652. How can you control him in the discharge of his duties when he is undertaking these extra matters?—By seeing that he carries out the duties entrusted to him, which he did in this case in a very able way.

2653. You mean as regards this particular muzzling?—Yes.

2654. But, I suppose, some of his other duties must have suffered, must they not?—No, I think not; his superior officer would be bound to take care that his regular duties did not suffer.

2655. Do you mean you would compel him to stay late hours to make up for the time given to this extra work?—This is a case of dealing with

Civil Service Appropriation Accounts.

Vote 10.—Board of Agriculture—*continued.*

Mr. *Alpheus Morton*—continued.

disease, and you do not deal with disease simply in an office. For instance, during this very period Major Tennant was occupied at night in Kent supervising the digging of trenches by navvies by artificial light. It would be impossible for us to do our work if we talked about office hours in connection with the work of our inspectors; they are more like doctors, who have to go wherever there is disease to be grappled with.

2656. Except where there is an emergency you consider it a bad practice to have these extra payments?—I do not like extra payments at all, and except in very special cases I should never propose extra payments.

2657. This payment is not continued now, as I understand?—No, the special work came to an end.

2658. Might it occur again?—Conceivably it might; if the same circumstances recurred it might recur.

[The Witnesses withdrew.

Wednesday, 12th June 1895.

MEMBERS PRESENT:

Mr. Bartley.
Mr. Buchanan.
Sir John Gorst.
Mr. Hanbury.
Sir Arthur Hayter.
Sir John Hibbert.
Mr. Arthur O'Connor.
Sir Richard Temple.
Mr. Thornton.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893-94.

Sir CHARLES LISTER RYAN, K.C.B., and Sir EDWARD W. HAMILTON, K.C.B., called in; and Examined.

CLASS III.

LAW AND JUSTICE.

On VOTE 2.

LAW CHARGES AND COURTS OF LAW, SCOTLAND.

Chairman.

2659. (To Sir *C. L. Ryan.*) I GATHER from your Report that there is no question to be raised on this Vote?—There is only the question of the age limit, which has already been discussed.

2660. (To Sir *E. W. Hamilton.*) I observe on page 298 reference is made to the continuance in the service of the chief clerk of the Crown Office, who is over 65, for a longer period than was usually sanctioned; I presume there was some particular reason why the extension of the service of the chief clerk of the Crown Office was sanctioned?—He was retained on in order that he might put his successor in the way of learning the work of the Department.

2661. Did the extension last long?—I think it was to last for a year.

2662. That year has not yet expired?—No; I find it does not expire till the 31st of August next.

2663. May we understand that it will be strictly limited?—Yes; it will be limited to the 31st of August.

Chairman—continued.

Mr. *Hanbury.*

2664. Had his successor then had no training for the work; why did he require to wait for a year before he could do the work?—I am not acquainted with the circumstances. I presume, with doubt, that the man intended to succeed the chief clerk had qualifications for the post; but it was thought that it would be of advantage to the public service that he should for a time have the presence of the chief clerk to assist him.

2665. Had the successor come from outside the service altogether?—I am afraid I have not that information. The Committee will understand that the question of the retention of the services of the chief clerk is really not raised upon this account, because at the time of this account he was not 70 years of age.

On VOTE 12.

REGISTER HOUSE, EDINBURGH.

Chairman.

2666. (To Sir *E. W. Hamilton.*) In paragraph 2 of the Comptroller and Auditor General's Report on this Vote he states, regarding the extension of office to Mr. M'Neilie, that "the breach of the Order in Council, therefore, consists in the continued employment of an officer after he has attained the age of 70;" have you any remarks to make upon that?—I have to admit that

Chairman—continued.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 12.—Register House, Edinburgh—*continued.*

Chairman—continued.

that there has been a breach of the Order in Council. It was done in order to avoid making an appointment to a place which was intended to be abolished. The abolition of the place required legislation. As a matter of fact, I may say, now the arrangement is at an end, because Mr. M'Neilie is dead.

2667. Then there is no further question?—The question is really at an end; but at the time when this Report was drawn by the Comptroller and Auditor General, I think, Mr. M'Neilie was alive, and therefore, there was a question at that time. (Sir *C. L. Ryan.*) I did not know Mr. M'Neilie was dead.

2668. (To Sir *E. W. Hamilton.*) Is the Committee to understand that there will be no more such breaches?—I cannot give an undertaking to that effect, but I am sure the Treasury would only be too delighted if they had not to make any exception to rules of this kind.

2669. The Treasury are anxious that there should be no breach of the Order in Council?—Certainly. It is an extremely invidious thing for the Treasury to have to make exceptions; they exercise this discretion, as I think the Committee understand, solely and entirely in the public interests.

2670. Do you recognise the force of what the Comptroller and Auditor General says, viz., that "the objection rests upon the continued charge upon an effective Vote of any payment to an officer of over 70 years of age"?—Certainly, that is the Order in Council, and this is a breach of the Order in Council, no doubt.

2671. The Treasury feel the full force of that objection?—Certainly.

Sir *John Hibbert.*

2672. Has there been legislation in this case?—I do not think so.

Mr. *Arthur O'Connor.*

2673. I do not quite understand the position of the Treasury with regard to the Order in Council; is there a saving clause in the Order for the discretion of the Treasury?—No.

Sir *John Hibbert.*

2674. Up to 70 there is, but not after 70?—Quite so.

Mr. *Arthur O'Connor.*

2675. Is there a saving clause in the Order in Council that covers this case?—No.

2676. Does the Treasury enforce the Order in Council against other Departments?—Yes; though not on this occasion.

2677. No, it is itself violating the Order here; if the Treasury should happen to agree with the provisions of the Order in Council, it would not assent, would it, to a breach of it by another Department?—No; the action of the Treasury depends upon whether it is thought desirable in the public interest that an exception should be made in favour of a particular individual.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 12.—Register House, Edinburgh—*continued.*

Mr. *Arthur O'Connor*—continued.

2678. If the Treasury did not concur in the breach, another Department could not persist in the breach?—No.

2679. Therefore, as against other Departments, the Treasury enforces the Order in Council when it thinks fit?—I should rather say it always enforces the Order in Council, except when it takes upon itself the responsibility of making an exception in a special case.

2680. Where does it get authority to violate the Order in Council?—It has no authority; but in extreme cases involving serious public interests the Treasury, as the Department charged with financial order, authorises a suspension of the operation of the Order, pending any decision of Parliament on a Report from this Committee.

2681. What is the use of having an Order in Council if the Treasury can dispense with it when it chooses?—Because it enables us to enforce the rule where, without an Order in Council, the Treasury would be much less well able to do so.

2682. This is an Order in Council from which, as I gather, the Treasury itself is not exempt?—Quite so.

2683. But the Treasury dispenses itself from its obligation?—The Treasury assented to an exception in this case.

2684. Therefore the Treasury dispenses itself from the binding obligation of the Order in Council?—Yes; that is the responsibility the Treasury takes upon itself.

2685. If the Treasury can dispense itself at its discretion from the provisions of the Order in Council, what is the authority of the Order in Council against the Treasury?—Parliament, I presume, would be in the long run the authority. The House of Commons might, if they chose, take exception to any particular ruling of the Treasury.

2686. In what way could the House of Commons take exception to a breach of the Order in Council by the Treasury?—They might refuse to vote the salary or pension of the individual who was employed after the age of 70.

2687. That is to say, short of the refusal to vote the amount, there is no means that the Treasury recognises by which their own discretion can be controlled?—I do not know that there is any other means.

2688. A mere Report of this Committee would not be of much effect?—To any expression of opinion given by this Committee, of course, the Treasury would give the greatest possible weight, as the Committee know.

2689. The Treasury would give it the greatest possible consideration, but "consideration" does not mean much?—I think the honourable Member does not appreciate that it is with the greatest possible reluctance that the Treasury undertake this responsibility.

2690. That is another point. What I want to ascertain is this: whether, if this Committee pointed out that they cannot approve of a viola-

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 12.—Register House, Edinburgh—*continued.*

Mr. *Arthur O'Connor*—continued.

tion by the Treasury of the Order in Council, the Treasury will consider itself bound by that Report?—I am afraid I cannot commit the Treasury upon that point.

2691. I want to ascertain the value of our sittings here, because I have often had very serious doubt as to whether it is worth while to come and attend these sittings. If the Public Accounts Committee is to report about the conduct of the Treasury and nothing is to come of it, I do not see the use of our sitting here?—If the honourable Member will look through the recent Reports of the Committee of Public Accounts he will find that almost every recommendation made by the Committee has been acted upon, and if any recommendation has not been acted upon, good reasons have been given for not doing so.

2692. The word "almost" is an important qualification, and, moreover, the goodness of the reasons is decidedly the judgment of the Treasury, and not of this Committee?—I think there must be some discretion left to the Treasury.

2693. I can understand that there ought to be discretion, but why do you not have in these Orders in Council a saving clause enabling the Treasury to dispense with its provisions?—Because, if that were so, there is no doubt the pressure on the Treasury would be too great; they would be asked to exercise that discretion in favour of everybody.

2694. You think it is better, in order to save the Treasury from unpleasant and inconvenient pressure, that the Treasury itself should be in the position of technically and repeatedly violating the Order in Council?—I think, if the provision in the Order in Council is intended to be carried out strictly, it is far better not to give a discretion in the Order in Council, because the Treasury are enabled to adhere to the Order in Council more rigidly than if they had got a discretionary power vested in them by the Order in Council itself.

2695. In this particular case do you consider that the death of the officer (which is a mere accident) in any way affects the accounts question?—No.

2696. I ask the question because I thought you mentioned the fact?—I pointed out that the arrangement was at an end in consequence of the decease of the officer; but at the period to which the account relates the officer was alive.

2697. Then the violation of the Order in Council is in this case ended by an accident?—Yes.

2698. You cannot give us any assurance that a similar case will not recur?—No, I cannot; I do not think the Treasury could do so, because the public interest might seriously suffer.

Mr. *Thornton.*

2699. Are there precedents for this?—Yes, we have several precedents; there was the case the other day that came up of the late Sir George Scharf, and the case of Sir Edward Hertslet, in the Foreign Office.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 12.—Register House, Edinburgh—*continued.*

Mr. *Thornton*—continued.

Sir *Arthur Hayter.*

2700. Is it intended to abolish this gentleman's office?—I believe so.

Sir *John Hibbert.*

2701. Was not it the fact that this employment was allowed to continue owing to the desirability of legislating for the purpose of abolishing the office?—Yes, that was the object of the arrangement.

2702. That was the object of the Treasury, was it not, in allowing the matter to go on?—Yes.

Mr. *Arthur O'Connor.*

2703. Then, not only was the salary continued against the terms of the Order in Council, but it was actually continued for an office that was recognised by the Treasury as being unnecessary?—Other arrangements for providing for the work were in contemplation, but the office was obliged to be continued until Parliament had legislated.

2704. Why was it obliged to be continued?—It is a statutory office; it requires legislation to abolish it.

2705. Are you bound to fill up any unnecessary office?—I am not sufficiently acquainted with the circumstances of this case to speak with certainty; but I know it was held at the time that, in order to make arrangements by which this officer could be dispensed with, legislation would be necessary.

2706. You think the discretion of the Treasury would not extend to withholding pay for an unnecessary office?—Not, I think, in the case of an office created by statute.

On VOTES 13 to 23.

Chairman.

2707. (To Sir *C. L. Ryan.*) I gather from your Reports on Votes 13 to 23, that you have really no questions to raise, nor anything to suggest to this Committee for inquiry; is that so?—I think, practically, that may be said to be so.

On VOTES 13 to 18.

No questions.

On VOTE 19.

DUBLIN METROPOLITAN POLICE.

Mr. *Arthur O'Connor.*

2708. (To Sir *E. W. Hamilton.*) Can you say what is the position of the Clara and Banagher Railway Company, which is referred to in paragraph 2 of the Report on this Vote?—I do not think

Civil Service Appropriation Accounts.

Vote 19.—Dublin Metropolitan Police—*continued.*

Mr. *Arthur O'Connor*—continued.

think I know much more about it than what the Comptroller and Auditor General says in his Report. I have been in communication with the Dublin Police Office, and the facts, as I understand, are these: the warrant was sent for execution by the constabulary of Banagher, where the line of the company is situated; the constabulary of Banagher returned the warrant endorsed to the effect that no sufficient goods of the defendants could be found there, and under those conditions it was thought there were no means of pressing the matter further.

2709. Did I understand you to say that the line of the company is situated at Banagher?—Yes.

2710. Is there a line at all?—There was a railway line; at least I believe so.

2711. Is there a single rail there?—I am not acquainted with the locality.

2712. Is there any sleeper that has not been stolen?—I do not know anything about the locality.

2713. Do you know whether any public money has been advanced for this line to the extent of many thousand pounds?—I do not know.

2714. Does the Treasury concern itself with the recovery of the debt due from this company, or whether the public accounts are still encumbered with the nominal debt from this company?—I am not acquainted with the affairs of the company.

2715. Am I to understand that the Treasury knows nothing about the condition of this company?—I will not say the Treasury does not; I do not individually. If there has been any public money advanced I can, of course, ascertain anything the honourable Member wishes to know, but I am afraid, personally, I am not acquainted with the facts.

Mr. William Tucker, called in; and Examined.

Class IV.

Education, Science and Art.

On Vote 1.

Public Education, England and Wales.

Chairman.

2716. (To Mr. *Tucker.*) In the fourth subhead of paragraph 2 of his Report on this Vote the Comptroller and Auditor General says that "Whilst recognising the hardship which would be involved in withholding the Parliamentary grant from a school simply because the Education Department had been unable to arrange for its inspection, it seems to me that, so long as the payment of the grant is to so great an extent a payment on results, it can scarcely be considered as properly made without inspection under such circumstances as those adverted to in this paragraph." Upon that these questions arise: what exactly were the reasons why the Department could not manage to inspect the school; is not such inspection one of the first duties of the Department considering, that so many interests, educational and financial, depend upon it, which said dependence increases almost every year as the Codes are altered?—Provision is made in the Code for the occasionally dispensing with the inspection of a school for causes which may be satisfactory to the Department, and the objection, as we understand it, of the Comptroller and Auditor General is to the omission of an inspection merely in consequence of the inability of the inspector to attend. Perhaps I may read some letters which passed between the Education Department and the Treasury, in 1867, when the audit of the accounts of the Department was first begun.

Chairman—continued.

Mr. *Arthur O'Connor.*

2717. That was before there were any school boards in existence?—Yes, but the question raised here is with regard to the inspection of all schools, as I understand. At that time the article in the Code stood as follows: "No grant is paid except on a report from an inspector showing that the conditions of the grant have been fulfilled." It was then foreseen that it would be necessary occasionally to dispense with the inspection of a school, and Lord Lingen, who, at that time, was Secretary to the Department, wrote to the Treasury as follows: "My Lords approve of the new forms of voucher to be used from 1st April next for all annual grants to elementary schools. They direct me, however, to state that it is sometimes, although rarely, necessary from unforeseen, causes such as the sudden illness of inspectors" (I draw attention to that because that is really the point to which the Comptroller and Auditor General now objects) "and the like, to pay grants to schools without inspecting them in the year for which the grant is being paid. In such cases the first certificate to the voucher will be wanting. My Lords suggest that in these special cases the

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Tucker. [*Continued.*

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Vote 1.—Public Education, England and Wales —*continued.*

Mr. *Arthur O'Connor*—continued.

auditors should be instructed to consider the voucher to be a sufficient discharge if it contains a special Minute made by the Lord President or Vice President accounting for the absence of the inspector's certificate." To that the Treasury replied, saying that they agreed. From that time until 1877, when an alteration was made in the Code, a certificate of the Vice President or the Lord President was sent to the Comptroller and Auditor General when such cases arose. But in the Code of 1887 the article was altered, and it stood thus: "No grant is paid except on a report from an inspector showing that the conditions of the grant have been fulfilled, unless some unforeseen cause (such as a continued epidemic) makes it impossible for the inspector to visit and report upon the school." As a consequence of that, we no longer gave the certificate of the Lord President or Vice President. The reason, as I apprehend, why it was considered necessary in earlier years to give the certificate of the Vice President or Lord President was, that the course adopted by the Department was really in direct contravention of the article in the Code as it then stood. The article has been altered from time to time, and up to the recent Code of 1895 it stood with the words "or other causes accepted as satisfactory by the Department," added after the words "continued epidemic." We considered that that gave us discretionary power in the matter. In the Code of 1895 a further alteration is made in the article, or rather an addition is made to it. It is Article 84 B. It runs as follows: "The inspector's annual visit to a school may, with the sanction of the Department, be omitted. In such case the inspector will pay, as a rule, during the school year two visits, which will usually be without notice." That introduces a further change in the direction of giving greater discretion.

2718. The point I wish to put is this: considering that grants to schools now depend so much less than formerly upon examination, and so much more than formerly upon the inspector's annual inspection, and, in fact, mainly depend upon that, is it not imperative upon the Department to see that every school is annually inspected; otherwise how can the Comptroller and Auditor General or Parliament be sure that the grants are rightly given?—It is an exceptional thing for a grant to be paid to a school without inspection.

2719. Of course it is exceptional, but how does the exception come to happen?—I can only say it probably happened in consequence of temporary illness among the staff. I have no doubt there were several schools during the year where there was no inspection; and it is that general question, I think, that the Comptroller and Auditor General raises. I do not understand him to object to the non-inspection of any particular

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Vote 1.—Public Education, England and Wales —*continued.*

Mr. *Arthur O'Connor*—continued.

school; but, as I say, there would be several such cases in the year, and the reason would be temporary illness of the staff, probably not extending over more than a few days, but which would cause the inspection to get into arrear. I should tell the Committee that the Department have what we call an emergency staff, consisting of two sub-inspectors and two inspector assistants, and when there is any lengthened illness, or any reason for assuming that the work of a district will get into arrear, we send a member of this emergency staff down to take the place of whoever is absent and to do the work.

2720. Why was not an emergency man sent in this case?—Because probably we had not an emergency man at liberty, and probably because the arrear was so small it was not considered necessary to send an emergency man.

2721. But can it be said now under the existing Code that any Parliamentary money is properly granted unless there has been the report of an inspector?—I think that is the point which the Code provides for. The contention of the Department is that the Code (by the words I read to the Committee just now) gives the Department power to pay the grant without inspection.

2722. But the cases referred to in this paragraph were before the alterations in 1895?—The article in the Code stands as it did in the earlier years, with the words I read to the Committee as a further addition. Under the Code in the present year we are dispensing with the fixed annual inspection of schools when it is recommended to be dispensed with by the inspector himself.

2723. On account of the trustworthiness and excellence of the schools?—On account of their trustworthiness; that is to say, the school must have reached a good educational standard.

2724. The school referred to in this paragraph was not a school of that character, was it?—Yes, I think so.

2725. Was this particular school one of those recommended to be exempted from inspection on account of its trustworthiness?—Yes; inspection is never dispensed with except upon a recommendation on the part of the inspector; and I might add that the schools in which that examination or inspection is dispensed with are, I think I may say invariably, schools which have reached a high or good educational standard, and in which the grant would remain tolerably constant from year to year.

2726. What is the name of the school as to which the objection is raised here?—I do not think the Comptroller and Auditor General referred to any particular school; he referred rather to the practice of the Department.

2727. You will find the school referred to at page 357; it is the Smedley Road School, Manchester?—I beg pardon, I had overlooked that.

2728. When

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Tucker. [*Continued.*

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Public Education, England and Wales —*continued.*

Mr. *Hanbury.*

2728. When you speak of the inspection, are you referring to the annual examination?—Yes.

2729. I know several country villages where your inspector does not come every year; it is by no means an exceptional case, is it?—Yes, I think it is; the most numerous cases would be cases of epidemic where the school is closed at the time appointed for the inspection; and the other cases would be where for the reason I stated just now the inspector finds he cannot overtake his work, and in such a case the inspection of one or two schools due for inspection in a particular month would, with the sanction of the Department (it cannot be done without the sanction of the Department), be dispensed with.

Chairman.

2730. (To Sir *C. L. Ryan.*) May I draw attention to your expression in Sub-Head iv. of paragraph 2, where you say, "The payment of the grant is to so great an extent a payment on results;" is that quite a correct expression; should it not rather be said, "payment on the results of the inspection," because the policy of the Department has been to do away with the old payment by results (which meant examining every child and paying so much on the result of the examination) and to substitute inspection?—It would have been wiser if the words "results of the inspection" had been added, no doubt.

2731. (To Mr. *Tucker.*) The policy of the Department has been as I have described it, has it not?—Yes; it is still so far payment by results that a school may get a higher or a lower grant according to the report of the inspector on the school generally; but it is not payment by results in the sense of some few years ago, when every child was examined and so much was paid on examination.

Mr. *Hanbury.*

2732. Do you not in certain cases now where a school has reached a high standard dispense with the annual examination, on the ground alone that it is not necessary to examine that school every year?—That is so; but we should not do so except on the recommendation of the inspector, and on the grounds which I have already stated. If an inspector says, "I have difficulty in overtaking my work; I have three schools or five schools (as the case may be) which are very good schools, and I recommend them for a grant to be paid without inspection," if we think that right and agree with his recommendation, we allow it.

2733. That is not an uncommon case, is it?—Speaking for my own district, I think it is an uncommon case. Of course, there being so many inspectors and so many districts, a great many schools, no doubt, during a year do get their grants without inspection.

2734. That would apply, for instance, to a

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Public Education, England and Wales —*continued.*

Mr. *Hanbury*—continued.

good many of the smaller village schools in a good condition, would it not?—I am not sure that it would apply to them so much. In my district it would apply rather to a number of the larger board schools or voluntary schools having reached a high standard of education, and whose grants would vary practically not at all, or very little, from year to year.

Mr. *Arthur O'Connor.*

2735. Would you particularise what was the report of the inspector with regard to this Smedley Road Board School?—I am afraid I cannot do so; I have not got his report here.

2736. That is the case we are concerned with upon this Vote?—I can only answer that question in general terms.

2737. It does not admit of an answer in general terms; I want the terms of the report of the inspector on this school?—I am afraid I have not got it with me.

2738. Could you obtain it?—I could ascertain the terms of it; it is in the office.

2739. The report might show that, as you suggest, this school had already been reported upon as being one the close examination of which every year was not necessary; you may be able to establish that by producing the report?—I think that was so.

Chairman.

2740. Will you send that report to us, or bring it at our next sitting?—Yes.

Sir *Arthur Hayter.*

2741. Am I right in supposing that you consider it within the power of the Education Department to alter the Code so as to do away with inspection altogether before payment?—The Department, as I understand, has power to alter the Code in any form in which it pleases, but, as the honourable Member is aware, the Code is laid upon the Table of the House of Commons, and all alterations made by the Department are indicated in the Appendix to the Code when it is laid upon the Table, and are subject to approval by the House of Commons.

2742. You, of course, adhere to the letter printed on page 357 signed by yourself in which you traverse the decision of the Comptroller and Auditor General as to the meaning of the words "or other cause accepted as satisfactory by the Department"?—We do.

2743. You maintain that if the non-visit of the inspector could be accounted for satisfactorily to your Department that would be quite sufficient?—We maintain that it is provided for in the Code.

2744. You maintain that the words do not merely refer to the case of an epidemic in a school, or something which prevents the inspector coming, but that his own illness, or something pertinent to him, would be sufficient?—That is

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Public Education, England and Wales —*continued.*

Sir *Arthur Hayter*—continued.

the construction we put upon the article; and I might say that in the first letter from the Department when the accounts were first subjected to audit, from which I read an extract just now with regard to this question, it is specifically pointed out that "unforeseen causes, such as the sudden illness of inspectors, and the like," may cause the absence of the inspection. It was to provide for that that the letter was written; and in altering the Code the Department understood that the alteration was sufficiently wide to cover that.

Mr. *Arthur O'Connor.*

2745. You are referring to a letter of 28 years ago?—Yes, I was referring to the letter of 28 years ago, but alterations in the Code have been made two or three times subsequently.

Sir *John Hibbert.*

2746. I understand you to say that the cases where the schools were not inspected were not merely cases where the schools had been favourably reported upon, but cases where there was great pressure on the inspector in carrying out his work; is that so?—Yes.

2747. Supposing a school had been well reported upon by the inspector, that would not of itself relieve the school from inspection, would it?—No; the inspection would still be due to that school as to any other, but the inspector might recommend a grant without inspection if there was great pressure in overtaking his work.

Mr. *Hanbury.*

2748. Would you be surprised if I could tell you a school where certainly twice within four years the full grant has been paid without any inspection, on the ground that the school was in such an efficient state that the examination might be dispensed with?—As I mentioned just now, in all cases where there is relaxation of the article as regards inspection, the schools recommended for relaxation are good schools, and are recommended on the specific ground that they are good schools, and the grant varies not at all, or scarcely at all, from year to year.

2749. That is what I wanted to get out; that the Education Department do recognise the fact that if a school is in such a good condition that the ordinary grant does not vary very much from year to year, it does dispense with the examination?—Certainly. We consider we have power under the article to dispense with the examination in that case.

2750. In some cases, practically, you may every other year dispense with the examination?—As often as we think fit.

Sir *John Hibbert.*

2751. Is that the case when there is no pressure upon the inspector from illness or other causes?—I think not.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Public Education, England and Wales —*continued.*

Sir *John Hibbert*—continued.

Mr. *Arthur O'Connor.*

2752. You have already told us that your staff is scarcely equal to the strain upon them, and that at times all your emergency officers may be employed?—That occasionally happens at such times as during the influenza epidemic, for instance.

2753. Then you may not have any staff to spare?—No, not when there is a great deal of sickness among the inspectors in any particular year; but those cases are exceptional cases and arise only now and again.

Chairman.

2754. But still have we not understood from your previous evidence that there are certain schools as to which from their trustworthiness (to use your own word) and excellence the inspection is dispensed with for a time by order of the Department?—Only on the recommendation of the inspector and on good grounds being given for it, the ground being in those cases the inability of the inspector to overtake the work of his district.

2755. But I understood from your previous answers that the ground upon which special dispensation was given for a time by order of the Department was not so much the inability of the inspector to inspect the school as the trustworthiness of the school as shown by previous reports?—I think what I said, or at all events what I should have said, was, that when any inspector finds he cannot overtake his work he recommends that the examination of certain schools should be dispensed with, and he selects the schools which have attained the highest standard of excellence.

2756. Then are there two conditions; first, the inability of the inspector to inspect, and, secondly, the trustworthiness of the school as being less in need than other schools of inspection?—Yes.

2757. (To Sir *C. L. Ryan.*) Have you any remark to make with regard to what Mr. Tucker has stated to us upon paragraph 2?—I have nothing to say with regard to the discussion as to the past years, but I should wish the Committee to understand that with the alteration that has been made in the Code for 1895 practically this question of inspection will not come before the Committee again, as I should consider that the Department have now got absolute liberty to deal with it as they please.

2758. (To Sir *E. W. Hamilton.*) Have you any remark to make upon the evidence that has been given?—No.

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Tucker. [*Continued.*

Civil Service Appropriation Accounts.

Vote 1.—Public Education, England and Wales —*continued.*

Sub-Head G.

Fee Grant.

Chairman.

2759. (To Mr. *Tucker.*) In the second sub-head of paragraph 3 the Comptroller and Auditor General says, "As, however, a communication which I caused to be addressed to the Education Department, requesting particulars of the method adopted in raising this sum, has not yet been answered, I am unable to state whether there has or has not been an over-payment of the amount mentioned above;" has an answer been sent to that communication?—Yes, we have answered it. The reason of the delay was that we found it impossible to get an answer to our repeated communications to the managers which would enable us to answer the query of the Comptroller and Auditor General, and when in October last the grant became conditionally due, we suspended the payment of the grant and told the managers that we should not pay any further grant until they answered our letters. In February our letter was answered, and we told the Comptroller and Auditor General that it had been answered, and that we should deduct the sum he questioned from the grant then payable to the managers. We treated the sum as an over-payment, and the sum has been deducted from the grant, and the over-payment has been recovered.

2760. You consider that is a satisfactory settlement?—Yes.

2761. I believe the sum amounts to 59*l.* 17*s.* 11*d.* on account of books?—Yes, we have recovered the sum overpaid.

Mr *Arthur O'Connor.*

2762. How does it arise that there is an over-payment of that amount from the 135*l.* 19*s.* 7*d.* in respect of books?—In calculating the fee grant the Department took into account only the fees received in the school, and accepted the statement in the accounts that certain other sums included in the accounts were for sale of books and not for fees. The question turned on whether the payments made by the children in respect of those books were payments for the use of the books or were actual purchases of books. If they were payments for the use of the books then they should have been treated as a fee, and treating them as a fee brought the sum received by the managers as fees in excess of the sum allowed by the Act of 1891, and consequently a deduction in that case would be made from the fee grant payable by the Department. It was not until after this long correspondence with the managers that we were

Civil Service Appropriation Accounts.

Vote 1.—Fee Grant—*continued.*

Mr. *Arthur O'Connor*—continued.

able to ascertain what the payments were. We found they were payments for the use of books, and not payments for the purchase of books; and therefore the charge became an over-payment.

Chairman.

2763. In the second Sub-Head of paragraph 4 the Comptroller and Auditor General says that he is not aware whether the Department still hope to recover a certain balance specified in a previous report as having been overpaid to the late managers of a certain school, or whether it is intended to make application to the Treasury for permission to abandon the claim; the amount apparently is 2*l.* 10*s.*?—Yes.

2764. Have you any remark to make upon that point?—We made an application to the Treasury, and the Treasury have consented to the abandonment of the claim.

2765. (To Sir *C. L. Ryan.*) Is there anything further to be said upon that point?—No.

2766. (To Mr. *Tucker.*) At the end of paragraph 5 you will observe that the Comptroller and Auditor General says that the extra provision by the Supplementary Estimate of the 12th March 1894 was required to meet not only the extra expenditure consequent upon the exceptional increase in the average attendance, but also certain under-payments in the preceding year 1892–93?—Yes.

2767. Have you any remark to make upon that point?—If I may first refer to the preceding sub-paragraph, I would say that we do not agree with the Comptroller and Auditor General's remark that "the expenditure shown on the Appropriation Account as having taken place in 1893–94 was in one sense not wholly in respect of the service of that year." The expenditure on the Appropriation Account of 1893–94 was expenditure of sums which were paid during the year, and which could only have been paid during the year, and therefore it really was expenditure for the year. As regards the following sub-paragraph, perhaps it would have been better if in the Supplementary Estimate, instead of describing the amount as due to under-payments in the preceding year, we had described it as "due to balances of payments." It is rather an abstruse subject; but I can explain it to the Committee if they would like me to do so.

2768. (To Sir *C. L. Ryan.*) Do you desire to make any remarks upon what Mr. Tucker has said on this point?—No, I do not wish to say anything more.

2769. I suppose it is a technical matter?—Yes, it is a technical matter.

[Mr. *Tucker* withdrew.

12 *June* 1895.] Sir C. L. Ryan, K.C.B., and Sir E. W. Hamilton, K.C.B. [*Continued.*

Civil Service Appropriation Accounts.

Major General Sir John F. D. Donnelly, K.C.B., called in; and Examined

On Vote 2.

Department of Science and Art for the United Kingdom.

Chairman.

2770. (To General *Donnelly.*) In the last sentence of paragraph 2 in his Report on this Vote, the Comptroller and Auditor General says that the explanation in Sub-Head D. "contained no information, as it ought to have done, that the excess would have been considerably larger but for the fact that the claims in respect of results of examination in 1892 had not been wholly paid in the year 1892–93"; have you any remarks to make to the Committee on that point?—If we had had any idea that it was right that that statement should have been put into the Appropriation Account, it would have been done, and if it is the desire of the Committee that it should be done in future, of course it will be done. But the account has hitherto been treated rather as in the nature of a running account; there have always been a certain number of claims, though certainly not so large in amount as in 1892–93, which referred to payments earned in one year, but which did not come into payment until the next financial year; and as those claims had never been queried, we did not think we were called upon, or that it was right to make any statement with regard to them. I should say, perhaps, in explanation of the matter, that some of these claims were, no doubt, in the office, but had not been examined, or were under correspondence at the end of the financial year; but a considerable number of them did not come come in till the next financial year, that is to say, until after the 31st of March. Therefore if, in future, we are to make a statement, such as is indicated by the Comptroller and Auditor General, it will be necessary to lay down precisely whether we are to put into the account only those claims which have been received in the office, but not dealt with before the 31st of March, or whether we are also to include claims received after the 31st of March, but which refer to payments on results earned in the previous year.

2771. (To Sir *C. L. Ryan.*) Have you any remark to make upon what Sir John Donnelly has said?—I think I should have referred mainly to claims received in the office and not dealt with; and not claims that had not come in at the time the Appropriation Account was closed.

2772. Claims, as I understand it, that had come into the office and were under correspondence, or had not been checked?—Yes. (General *Donnelly.*) Certainly, if that is the desire of the Committee, it can be done in future.

2773. (To Sir *E. W. Hamilton.*) Have you anything to say upon this point?—No.

2774. (To General *Donnelly.*) I believe the question arises in this case on an excess of 696*l.* 5*s.* 5*d.*?—Yes, there was that excess in the previous year; and although there was that excess, there were no doubt a certain number of outstanding claims, as there always are, although not to such a great extent as in this year.

Chairman—continued.

Mr. *Bartley.*

2775. There must always, be, I presume, a certain number of claims that have been received which are not finished, and not paid?—That is so.

2776. If this rule is rigidly adhered to, you would practically have to pay all the claims with too hasty an examination?—As I understand, we are only to report next year that so many claims have been received in the office, but have not matured for payment before the 31st of March.

2777. But one year, I suppose, must balance another; there must always be some claims over?—Yes; there will probably always be some over.

Mr. *Arthur O'Connor.*

2778. As you have just said, in each financial year you must have claims sent in, and also claims paid, not only with regard to that current year, but also with regard to the prior year?—That is so.

2779. Is there any financial difficulty in classifying the figures so as to show how much was for the current year and how much for the prior year?—No.

2780. Whether the claim came within the financial year or not?—There would be no difficulty in doing it; it is only that we have not hitherto understood that it was desired.

2781. You never had it intimated to you before?—No.

2782. In the year when you had this excess of 696*l.*, which might have been larger but for payments made for the prior year, were not all the accounts open to the Comptroller and Auditor General?—All up to the end of that year, but then, of course, the Comptroller and Auditor General would not see till the next year claims which were on the results of the examination of the previous May.

2783. This is an excess of 696*l.* which, the paragraph says, "would have been considerably larger but for the fact that the claims in respect of results of examination in 1892 had not been wholly paid in the year 1892–93"; that is to say, the accounts of the period when you had this excess were accounts actually charged with arrear payments of a previous period?—Yes.

2784. The

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Major General Donnelly, K.C.B. [*Continued.*

Civil Service Appropriation Accounts.

Vote 2.—Department of Science and Art, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

2784. The Comptroller and Auditor General, if he looked into your accounts, would have been able, would he not, to ascertain the fact that some of the money charged, even though there was left a balance of 696*l.*, was paid in respect of a prior period?—Yes; it is on that knowledge that he raises the query.

2785. No, he did not discover it till the subsequent year?—He would not discover it, I think, until he went into the next year's account; but perhaps I had better let the Comptroller and Auditor General speak for himself on that point.

2786. (To Sir *C. L. Ryan.*) Would not your officers have found out by an investigation of the account of the period which shows an excess of 696*l.* that in that same period there were charges for prior claims?—Yes; in examining the accounts for the year 1893-94 I could ascertain, of course, the payments that were in respect of 1892–93.

2787. Then why did you not point out to this Committee, as you "ought to have done" (to use the words of the paragraph), that there were these charges?—Because it was rather the duty of the accounting officer to give the information than for me.

2788. That is what I do not quite understand?—I cannot have the knowledge of outstanding payments in the same way and with the same clearness as the Department has. I know what is paid; I do not know what may be due that has not been paid.

2789. But you must have found that there were charges for the prior year as well as for the current year, and if you thought it was worthy of observation you might have put it into your Report for this Committee, just as reasonably as you might have expected the Department to state it in their own Appropriation Statement, might you not?—I hardly think so, because whenever there is an excess, the Department ought to explain fully that excess. The responsibility of the explanation of it is on the Department, not upon me. I should hesitate to take any responsibility for the explanation of an excess. An excess in itself is more or less a financial breach, and the Department, I think, should explain fully the cause of the excess. Here it is only that the explanation is hardly as full as it might be, and I do not want to lay undue stress upon the cause of it, but it could have been explained more fully, and I think it should have been explained by the Department, not by the Comptroller and Auditor General.

2790. I do not remember in an experience of now 13 years ever to have seen a statement that an excess of whatever it might be in any Vote or any class of Votes would have been greater if there had been further charges, as there might have been. Can you cite an instance in which such a report has been made on any item of any Vote?—I do not know that I can off-hand.

Civil Service Appropriation Accounts.

Vote 2.—Department of Science and Art, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

On Vote 3.

British Museum.

Chairman.

2791. (To Sir *E. W. Hamilton.*) In paragraph 2 of the Report upon this Vote two gentlemen over 70 years of age are referred to as receiving remuneration for continued temporary employment; is not that contrary to the Order in Council?—I do not think I can hold it to be contrary to the Order in Council; these gentlemen have been retired under the Order in Council and are simply employed to do some small amount of special work; as a matter of fact, one of them has already ceased to do that temporary work, and the other is about to cease to be employed by the British Museum; he has been made a professor at Cambridge, I believe.

Sir *John Hibbert.*

2792. These gentlemen are specialists, are they not?—Yes.

Mr. *Bartley.*

2793. Do you mean to say that one of these gentlemen, over 70 years of age, has been appointed as a professor at Cambridge?—I believe so.

On Vote 5.

National Portrait Gallery.

Chairman.

2794. (To Sir *E. W. Hamilton.*) I observe on this Vote the same kind of question arises with regard to Sir George Scharf?—That is the same question that has been under the consideration of the Committee before: it is the case of Sir George Scharf, who is now dead.

On Votes 6, 7, and 8.

Chairman.

2795. (To Sir *C. L. Ryan.*) Do I understand from your Reports upon Votes 6, 7, and 8 that you have no questions to suggest to the Committee upon those Votes?—I have no questions to suggest.

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Major General Donnelly, K.C.B. [*Continued.*

Civil Service Appropriation Accounts.

Mr. Henry Craik, C.B., called in; and Examined.

On Vote 9.

Public Education, Scotland.

Chairman.

2796. (To Mr. *Craik.*) Paragraph 2 of the Comptroller and Auditor General's Report on this Vote deals with the question of the definition of a "school week," and the question of the ninepenny fee; have you any remark to make to the Committee upon that paragraph?—That paragraph practically refers to the ninepenny fee; we have, no doubt, to sail very near to the wind in interpreting this ninepenny fee. There are only a very few schools which have a fee at all now, but those that have a fee have naturally a high fee, coming as near to 9*d.* as possible. The cases come up to us at the end of the school year. We have no power of graduating the grant; we must either hold that they fulfil the conditions or we must refuse the whole grant, involving sometimes a loss of as much as 1,000*l.* to the school; therefore we try, if possible, to take what we consider a reasonable interpretation of this ninepenny rule. In this case doubt has arisen as to including one week where the school only met three days instead of five days in the week. It was necessary to reckon that week in order to bring the school within the ninepenny fee, and we considered, on the whole, that there was fair ground for doing so, seeing that the larger part of the week had been filled up. Of course, if the Committee lay down any rule we have only to obey it; but I want to point out that we are in great difficulty, because at the end of the school year, when the case comes up to us, there cannot be any adjustment of the fee; either the whole grant must be lost or the whole grant paid.

Sir *John Hibbert.*

2797. I understand you to say these are exceptional cases?—There are only about 40 schools that now continue to have fees at all, out of about 3,300.

Chairman.

2798. (To Sir *C. L. Ryan.*) Have you any remark to make upon what Mr. Craik has said upon this paragraph?—I quite recognise the difficulty Mr. Craik has pointed out, but I also am in a difficulty, because it does not rest with me to interpret what shall be the terms of attendance, or what number of attendances shall qualify under the Code. If the Committee think it desirable to give the Education Department full latitude in this matter, I am quite prepared to accept any direction of the Committee upon the point.

Chairman—continued.

2799. (To Mr. *Craik.*) Cannot the wording of the Code be modified so as to meet the case?—No; it is the Act of Parliament that lays down the ninepenny rule. What we contend for is, that where the larger part of the week has been occupied in school work, even though they may have broken up, perhaps, on Thursday or Friday, we may consider that as a teaching week and count it amongst the weeks over which the quarterly fee has to be spread.

2800. You would say that constitutes a ninepenny fee within the meaning of the Act?—Yes; in order to divide the quarterly fee into a large enough number of weeks to bring it down to 9*d.* per week, we think we may consider it a working week (although it is not a complete week) if the school has been open for the greater number of days in the week.

2801. (To Sir *E. W. Hamilton.*) Have you anything to suggest upon this point?—No; I do not think the question has been before the Treasury.

2802. Do questions connected with the Scotch Education Department come before the Treasury?—There might be certain points raised in connection with the Scotch Education Department that would come before the Treasury.

2803. (To Mr. *Craik.*) Might there not be provision made that in such cases the Department must obtain the sanction of the Treasury?—We look to it very carefully; we are not disposed to be at all lenient if we can help it. It is a question simply of counting one or two days more or less in the week. The question has very rarely arisen, and cannot arise in more than one or two cases in the year, because we have so warned them as to the danger that I think, recognising the danger, they must leave a good margin in the fee, between it and the 9*d.*

Mr. *Arthur O'Connor.*

2804. The whole difference is as between 9*d.* and 9*d.* and half a farthing, is it not?—Yes; or 8*d.* and five-eighths.

Mr. *Bartley.*

2805. You think you ought to have the discretion as well as the Treasury?—I think the discretion would be better exercised by us.

Sub-Head F. Article 10.

Payment without Inspection.

Chairman.

2806. (To Mr. *Craik.*) Paragraph 3 relates to much the same question as we have been discussing to-day in the case of the English Education

Chairman—continued.

Vote, does it not?—It is very much the same question. We fully recognise that it is undesirable to omit inspection, but owing to various circumstances,

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Major General Donnelly, K.C.B., and Mr. Craik, C.B. [*Continued.*

Civil Service Appropriation Accounts.

Vote 9.—Payment without Inspection—*continued.*

Chairman—continued.

circumstances, owing to the exigencies of the staff, it is sometimes necessary to do so.

2807. May we take it that whatever applies to England equally applies to Scotland in this matter?—Not quite; we have not as in England abolished in our Code the annual inspection as part of the ordinary routine of the school. We desire to have, and we do so far as we can have, an annual inspection.

2808. But in England it is not abolished?—In England I understand they can substitute visits without notice for the annual inspection under the new Code. In Scotland we have not done that, and do not intend to do it.

Sir *John Hibbert.*

2809. What is your rule?—Our rule is to send an inspector wherever it is possible, but sometimes owing to illness on the part of an inspector (and I may say our staff is worked to the utmost) and the difficulties of travelling in many Highland places in a winter like last winter, the knowledge that certain schools are, and have been for years, in a very efficient state, sometimes leads us under compulsion to omit inspection.

Mr. *Hanbury.*

2810. But you do not recognise in Scotland what I am told on good authority outside this room is recognised in England by the Department; that is to say you do not recognise the efficiency of a school as a reason for dispensing with the annual inspection, apart from illness on the part of the inspector?—No, except in the case of infant schools; and even in the case of infant schools, unless I were satisfied the inspectors were fully occupied, I should not dispense with the inspection.

2811. Then there is that broad distinction?—Yes. We find that the school boards in Scotland do not like the omission of the inspection.

2812. Is it not rather an encouragement to the good schools if you dispense with the examination?—In Scotland I would answer that question in the negative; they do not like the omission of the inspection. I have had remonstrances from school boards, and even from teachers, to the effect that they do not like to give up the inspection.

Mr. *Arthur O'Connor.*

2813. As I understand it, where an inspector is too ill to be able to visit some remote school, but it is within the knowledge of the Department that the school has already reached, and has always maintained, a high standard, and it would be extraordinary if it proved to be wanting at that particular time, you think the Department has the discretion to dispense for that time with the ordinary inspection, and give the grant without it?—It is a discretion as to paying the grant; it does not use its discretion in omitting inspection, because it does not do so except under compulsion.

Civil Service Appropriation Accounts.

Vote 9.—Payment without Inspection—*continued.*

Mr. *Arthur O'Connor*—continued.

2814. I say where the inspector is unwell?—Yes; then we are compelled to omit it, because we have not an inspector to send.

2815. (To Sir *C. L. Ryan.*) Do you consider it an indispensable condition for the earning of a grant by a school that it should not only be itself efficient, but should secure its own inspection at the hands of the Department?—It is obvious that it would be wrong to fine a school for a thing that the school is not blameable for, but where it occurs, as it has occurred in this particular case over a considerable district, I thought it right to notice the fact.

2816. It was only in one inspector's district, was it not?—Yes, one inspector of a large district. (Mr. *Craik.*) We would have sent another inspector, but there was a considerable amount of illness among the staff, and a high pressure of work.

2817. (To Mr. *Craik.*) It would have been very difficult, I presume, for another man to have taken up the work in a district new to him?—There was really no one available to do so.

Sir *Arthur Hayter.*

2818. Do you keep any emergency staff of inspectors, such as there is England?—No, we have no such staff; they are all fully occupied.

2819. In England we have evidence that they do keep such a staff?—We have nothing of that sort.

Mr. *Buchanan.*

2820. You are kept rather short of staff, in fact?—At any rate they need to work hard to overtake the work.

Sub-Head F.

Elementary Schools.

Chairman.

2821. (To Sir *E. W. Hamilton.*) In paragraph 4 the Comptroller and Auditor General states that certain sums assigned out of the Local Taxation Account were distributed through local committees who made grants to public elementary schools in respect of secondary education; and those grants have been included by the managers in the ordinary school accounts, and treated as income available for the purpose of determining the annual grant in respect of elementary education. This has been done by the Scotch Education Department with the approval of the Treasury. The Comptroller and Auditor General goes on to say that, without in any way questioning the decision of their Lordships, he feels the point is one of sufficient importance to call for notice inasmuch as the result of thus dealing with the funds allocated for secondary education has been to increase the charge upon the public in respect of elementary education; have you any remark to make upon that paragraph?—I do not think I can usefully add anything to the view of the Treasury

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Major General Donnelly, K.C.B., and Mr. Craik, C.B. [*Continued.*

Civil Service Appropriation Accounts.

Vote 9.—Elementary Schools—*continued.*

Chairman—continued.

which is expressed in the letter of the 14th August 1894, appended to the Report. If the Committee were to take a view different from that of the Treasury, I am sure the Treasury would be very pleased to act upon it, but that was the view which the Treasury thought, from the information before them, they were bound to hold.

2822. Could not these sums have been excluded from the account upon which the annual grant is made?—The view which the Treasury held was that they could not.

2823. Which is the particular paragraph in the Treasury letter to which you refer?—The second paragraph, for instance, says, "In their Lordships' judgment sums paid for secondary education out of the moneys provided under the Education and Local Taxation Account (Scotland) Act, 1892, may properly be reckoned as part of the 'income from all sources whatever, other than the Parliamentary Grant' of a Scotch elementary school." Then the Treasury go on to explain why it is that they hold that view; and then, in the last paragraph but one, the Treasury say, "The sums paid to the schools from the moneys provided by the Act of 1892 do not appear to my Lords to be of the nature of a Parliamentary Grant, being voluntarily assigned by the county out of its share of the local taxation money." Then they say at the end, "For these reasons my Lords agree with the course adopted by the Scotch Education Department."

Mr. *Arthur O'Connor.*

2824. You hold that when once it is paid to the county its public character ceases?—Yes; I think that was the view held by the Treasury.

Chairman.

2825. But does not the taxpayer pay twice over in a certain sense?—Mr. Craik will perhaps answer that question better than I can.

2826. (To Mr. *Craik.*) Is not that so?—This is local money.

Sir *John Hibbert.*

2827. Are you aware that you are not allowed in England to use the money in this way?—It is so allowed in Scotland. If Scotland chose to use this money for rates she could do so. She does not; but if she chose to impose a rate instead of using their money, then that would count against the 17*s.* 6*d.* grant. That is all that she does.

Mr. *Buchanan.*

2828. Each county council can vary it from year to year, can they not?—Yes. The county council might say, "We shall use this money for saving rates." The school board would then have to place a higher sum upon the rates for education; it would come to exactly the same thing.

Civil Service Appropriation Accounts.

Vote 9.—Elementary Schools—*continued.*

Sir *John Hibbert.*

2829. Is this mode of allocation adopted to any large extent?—Yes, I think to a very considerable extent. There has been a considerable amount of this money assigned for education by the county councils throughout Scotland.

Mr. *Buchanan.*

2830. Is it not the fact that generally county councils have assigned it to education, and borough councils, with the exception of the large ones, have assigned it to relief of rates?—Yes; the rates have always in Scotland been partly spent upon some higher education in these elementary schools, and endowments also for higher education are reckoned as against the 17*s.* 6*d.*

Sub-Head K.

Training College Grants.

Mr. *Arthur O'Connor.*

2831. (To Mr. *Craik.*) Does the observation at the close of paragraph 5 involve actual disallowance by the Comptroller and Auditor General?—Yes, it does. It is a difficult question, I quite admit. We have been in communication with the authorities of the training college in question. It is a matter open to argument, but I think their contention can be maintained.

2832. Then it is a point which this Committee will have to consider?—I think that the question will not operate this year. They have now got a sufficient sum to their credit, so far as we can foresee, not to require us to follow the same principle again.

2833. That is why I asked you whether this observation of the Comptroller and Auditor General amounted to an actual disallowance of the sum of 131*l.*?—Yes, it does. That is for the past year, but I do not think it will continue during the current year.

2834. Will the college submit to the disallowance?—No. We have communicated with them lately on the point, and they are still arguing their case.

2835. What is the view of your Department?—Our view was that they did make out a case. I may explain that this is a small addition of male students which was made to a training college in Aberdeen. We hold that these colleges should all have one account when they are under the same committee, and that the credit standing to that committee should count in favour of any training colleges under it. I base that contention upon this fact: that when we established this small male training college in Aberdeen we cut down the number of students in the other colleges under each committee.

We

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Major General Donnelly, K.C.B., and Mr. Craik, C.B. [*Continued.*

Civil Service Appropriation Accounts.

Vote 9.—Training College Grants—*continued.*

Mr. *Arthur O'Connor*—continued.

We did not increase the number of students all round, but we compelled them to take a certain number of students off the Glasgow and Edinburgh colleges in order to have a certain number at Aberdeen. Therefore, the point in dispute between the Comptroller and Auditor General and the Education Department is, whether we are to count each of those colleges as a separate institution with separate accounts, or whether we can draw upon the credit standing in the name of the committee so as to meet the grant to each of the colleges.

2836. (To Sir *C. L. Ryan.*) Have you heard anything to cause you to modify your original opinion?—No, certainly not.

2837. You stand to your disallowance?—Yes. (Mr. *Craik.*) I may say that in 1874 (long before the present Department was established), when these colleges were first established, this principle of counting them as common institutions under one committee was followed.

2838. (To Mr. *Craik.*) Then this is not a new departure?—No.

2839. Is that set forth in the correspondence?—I am not certain.

Chairman.

2840. (To Sir *C. L. Ryan.*) What is the effect of your disallowing the 131*l.*?—My disallowance has practically no effect unless the Committee support it, and recommend that the amount should be disallowed. I only disallow when it seems to me I cannot admit a sum or recommend the Committee to pass it.

2941. If the Committee sustain your disallowance, what will be the effect?—That the amount would have to be recovered from the college.

Mr. *Arthur O'Connor.*

2842. (To Mr. *Craik.*) I do not gather from the letter on the point appended to the accounts that what you now told us is very clearly set before us; perhaps you could put in something which would show that this was not a new departure?—Yes, I could do that. I think I might possibly put before Sir Charles Ryan the new claims that are made, and I might perhaps suggest that, as this is not continuing at present as a further expenditure, the question might be left for further discussion between Sir Charles Ryan and the Department, and then referred to the Committee. (Sir *C. L. Ryan.*) Of course there is a difference between the question of principle and the question of an individual case; and if the question of principle were settled satisfactorily, or if there is some further document which I have not seen which explains the matter, it might make it unnecessary or unadvisable for this Committee to confirm the disallowance with a view to recovering the money from the college; but, until I have seen that further correspondence, I cannot express an opinion.

Civil Service Appropriation Accounts.

Vote 9.—Training College Grants—*continued.*

Sir *John Hibbert.*

2843. (To Mr. *Craik.*) This will not be recurring, as I understand?—I think not. I think it will recur one year later than this, but it will not recur during the current year, and I think further documents in our possession, and the further correspondence, might with advantage be laid before Sir Charles Ryan, and then the question might be subsequently referred to the Committee. I think we might modify Sir Charles Ryan's views by this later correspondence.

Mr. *Buchanan.*

2844. You think you are justified in holding that it was the establishing of a separate department of this institution at Aberdeen?—Yes, certainly; it was actually cut off from the Glasgow and Edinburgh colleges, and therefore formed part of those colleges, and was entitled to the benefit of the credit standing to the committee.

Chairman.

2845. Could not that correspondence you allude to be laid before the Comptroller and Auditor General?—We would need to write again to the authorities of the college, I am afraid, but, so far as it has gone, I could put in any further correspondence.

2846. (To Sir *C. L. Ryan.*) Do you think that if by the next meeting of the Committee you saw the correspondence, or got a further reply, you could give a final opinion as to whether we should maintain this disallowance?—I am quite prepared to give an opinion as soon as I am in a position to do so. (Mr. *Craik.*) The essential point really lies in a nutshell: whether this college, which was established by reducing the other colleges under this committee, is entitled to the benefit of the credits which stand to the credit of that committee as a whole, or whether it must stand upon its own bottom altogether and make out its own credit separately. That is a difficult thing, because these colleges are for male students who take their degrees generally at the university, and who do not therefore so rapidly qualify as teachers. The credits arise by their becoming certificated teachers.

2847. (To Sir *C. L. Ryan.*) Do you maintain that this college must stand upon its own bottom?—Yes; upon the facts I have here I have seen no reason to modify the opinion expressed in my Report.

2848. (To Mr. *Craik.*) Do you think the correspondence would throw any further light upon the matter?—I cannot say whether it would persuade Sir Charles Ryan to alter his opinion or not. I do not think it would modify the essential point as to whether you must consider this college by itself or as a part of the others. The college puts forward in this correspondence another claim.

Mr. *Buchanan.*

2849. When was the branch at Aberdeen established?—The original colleges at Aberdeen were established in 1875, and they were then allowed to count in their favour the credits of

12 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., Major General Donnelly, K.C.B., and Mr. Craik, C.B. [*Continued.*

Civil Service Appropriation Accounts.

Vote 9.—Training College Grants—*continued.*

Mr. *Buchanan*—continued.

the Glasgow colleges which were established by the committee. About six years ago they established these small male training colleges in Aberdeen. They did that by cutting down the Glasgow students, and I followed the course that had been followed in 1874, and counted them as essential parts of the other colleges.

2850. Is this the first occasion since 1888 in which there has been a deficiency?—Yes.

2851. It is the only occasion on which it has occurred?—Yes.

Mr. *Hanbury.*

2852. The correspondence you were talking of is not complete, I understand?—I think by further consideration, and arguing the matter further with the training college authorities, we shall either prove them to be in the wrong or they may have other arguments. They have put forward in this last letter another argument altogether, viz., that their credit was sufficient. They could have claimed five years in which this credit is not required, and they say, "We did not claim those five years, but we used up our own credit in those five years; now begin after that was done and give us the five extra years where we do not require any credit at all." I should explain that when a new college is established it has five years in which it is not obliged to have the credit of a certain number of teachers passing and obtaining a certificate. This college did not claim the advantage of those five years, because these Aberdeen colleges had themselves a large credit which it has taken five years to exhaust. They say that was very hard; and ask, let us now count the five years which we would have counted if we had been a new college. That would have begun with 1892 and go on much beyond any of these years that we are dealing with here.

2853. I was asking about the correspondence: I gather that is not complete and will not be complete for some time?—We must answer that new contention of theirs one way or the other, and all that I could put before the Comptroller and Auditor General.

2854. We can hardly decide this point without seeing the correspondence, and you say the correspondence is not yet complete and may not be for some time?—Yes.

Mr. *Arthur O'Connor.*

2855. Could you let us have by this day week a memorandum embodying the material facts, and the view which the Department takes of those facts?—Yes, I could do that. I really do not think I can add very much. I may point out that, of course, at any time this money can be recovered. We are paying a large grant to the training college every year, and, if it is eventually disallowed, we could stop it off the new grant; so that, if the matter waits for another year, there can be no harm.

Civil Service Appropriation Accounts.

Vote 9.—Training College Grants—*continued.*

Mr. *Bartley.*

2856. In your judgment the present arrangement is the best that could be made in the interests of the public?—Certainly. There is no doubt that the establishment of this branch has been a good thing; it is merely a question as to whether this should be treated as a separate institution with separate accounts or not.

[Mr. *Craik* withdrew.

On Vote 10.

National Gallery, Scotland.

Chairman.

2857. (To Sir *C. L. Ryan.*) Is there any question upon Vote 10?—I do not think there is any question. The only point referred to in my Report is, that I am unable to state that the money has been spent in accordance with the grant.

Mr. *Arthur O'Connor.*

2858. Does that involve a disallowance?—No.

On Vote 11.

Public Education, Ireland.

Chairman.

2859. (To Sir *E. W. Hamilton.*) At the end of paragraph 4 of his Report on this Vote the Comptroller and Auditor General says that he suggested to the Education Commissioners that the regulations and the practice should be brought into stricter conformity with each other, and with the recommendations of the Committee of Public Accounts. Has that been done?—Yes; the suggestion of the Comptroller and Auditor General has been taken into consideration by the Education Commissioners, and they have framed their regulations so as to bring them into conformity with the practice.

2860. At the end of paragraph 6 the Comptroller and Auditor General states that "In regard to the great majority of the scholars in question, the Commissioners state that they are still in correspondence with the inspectors and managers, but hope shortly to be in a position to deal definitely with the case." Has that correspondence been brought to a head?—Yes, I think so. The Commissioners fully recognise the importance of the Comptroller and Auditor General's communication, and have adopted measures now which they think will prevent irregularity in future; in fact, I have a copy of their Order with me, which, of course, has been communicated to the managers of schools.

2861. Have you any remark to make upon the following paragraph 6, which refers to a considerable

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 11.—Public Education, Ireland—*continued.*

Chairman—continued.

siderable number of overpayments in respect of results fees paid to teachers?—No, I think not. The write-off has been done with the sanction of the Treasury on an explanation of the facts.

2862. I observe the amount written off as irrecoverable is only 2*l.* 3*s.* 6*d.*?—Yes.

On VOTES 12 and 13.

Chairman.

2863. (To Sir *C. L. Ryan.*) Do I rightly understand from your Reports on Votes 12 and 13 that you have no question to suggest to the Committee on those Votes?—Quite so.

On VOTE 14.

QUEEN'S COLLEGES, IRELAND.

Chairman.

2864. (To Sir *E. W. Hamilton.*) In paragraph 2 of his Report upon this Vote the Comptroller and Auditor General states that a correspondence was going on between the Treasury and the Chief Secretary's Department, and he goes on to say, "Meanwhile the president of Queen's College, Galway, who is beyond the age of 70 years, is still drawing full salary." Does this case come under the Order in Council?—The question at issue here has been whether these professors come within the Order in Council or not, and as, perhaps, the Committee will remember, the question was raised in Parliament. Since then it has been referred to a small Committee consisting of the Chairmen of the two Commissions which dealt with the Civil Service, viz., Lord Playfair and Sir Matthew White Ridley, and also Lord Welby. They have been asked to report to the Government as to how far they think the Order in Council ought to apply to gentlemen in a position such as these professors are as presidents of the Queen's Colleges, Ireland, and as to whether they should be treated exceptionally or not. Until that Committee report of course the arrangements must go on, although I admit that it is, so far as we understand, a breach of the Order in Council, because we have been advised that under the present law the Order in Council does apply to them.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 14.—Queen's Colleges, Ireland—*continued.*

Mr. *Hanbury.*

2865. Then what is the position of this gentleman at present; as I understand, he had to leave under the age limit?—I do not think he actually left, but he was given to understand that, as the Government were advised that the Order in Council did apply to him, he could not remain on.

2866. He remains there pending the decision of the Committee you have referred to?—Now the question has been referred to that Committee, and pending the decision taken on the Report of that Committee he will remain on.

Mr. *Arthur O'Connor.*

2867. (To Sir *C. L. Ryan.*) In paragraph 3 I observe reference is made to the Blayney Fund of 1,156*l.*, and it is said that "the dividends on this fund have not been paid to the account of the college;" would you give us some information upon that subject?—The Committee will see on referring to it that this is apparently a very extraordinary case. Here is a sum of dividends due to the college which has not been paid for some four years, and I have endeavoured, both personally at Cork and also by communication with the Bank of Ireland, to get at the reason why this sum is withheld. I am told it arises from the question of some corporate seal, but there has been abundance of time to get the corporate seal made out, and I cannot understand why this amount is withheld from the Queen's College, Cork. I wrote to the Bank of Ireland on the 6th of June and asked them whether there had been any change, and whether this money had been paid over, and I am told the position of the question referred to has not in any way changed since the interview I had at the Bank of Ireland. It seems to me an extraordinary case, and I do not understand why this sum, which is clearly due to the college, is not paid; and I, therefore, feel it my duty to bring the matter before the Committee. (Sir *E. W. Hamilton.*) Perhaps I might be allowed to add that I think, from the inquiry which I have made, that the fact of there having been no action taken since the Report of the Comptroller and Auditor General is due to the serious illness of the president of the college.

[The Witnesses withdrew.

Thursday, 27th June 1895.

MEMBERS PRESENT:

Mr. Hanbury.	Mr. Arthur O'Connor.
Sir John Hibbert.	Sir Richard Temple.
Mr. Alpheus Morton.	Mr. Arthur Williams.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893–94.

Sir CHARLES LISTER RYAN, K.C.B., and Sir EDWARD W. HAMILTON, K.C.B., called in; and Examined.

CLASS V.

FOREIGN AND COLONIAL SERVICES.

ON VOTE 1.

DIPLOMATIC AND CONSULAR SERVICES.

Mr. HENRY A. W. HERVEY, called in; and Examined.

Chairman.

2868. (To Mr. *Hervey.*) IN paragraph 3 of the Comptroller and Auditor General's Report on this Vote, he refers to the Departmental Committee on the subject of the age limit in the Consular Service, which committee was nominated apparently in 1894?—Yes.

2869. Then he goes on to say he was informed that the Secretary of State was in communication with the Lords Commissioners of the Treasury regarding the meeting of the Committee, and that he should be furnished with full information regarding the settlement of the question as soon as a decision had been arrived at; has any decision yet been arrived at?—The Committee have met, and they have reported to the

Chairman—continued.

Foreign Office and to the Treasury, and the draft of a new Order in Council has been drawn up, which is to be applicable to the Consular Service. That draft is still under consideration. I think it is with the Treasury.

2870. (To Sir *E. W. Hamilton.*) Is that so?—The draft of the new Order in Council is with the Treasury. It applies most of the provisions of the Order in Council of the 15th August 1890, including the age limit, to the Consular Service, but it has not been finally approved yet.

2871. It will hardly be approved, I presume, in time for the Report of this Committee?—I should doubt whether it would. It depends upon when the Committee report.

DIPLOMATIC SERVICE.

SUB-HEAD E.—TELEGRAMS.

Chairman.

2872. (To Mr. *Hervey.*) In paragraph 4, the Comptroller and Auditor General points out that certain telegraphic expenditure has been defrayed out of Sub-Head E., which had, though to a limited extent only, been provided for under Sub-Head NN.?—Formerly the telegram between England and Spain were chiefly of consular interest, and they were provided for under a

Chairman—continued.

Consular Sub-Head; but latterly they have been of a diplomatic character, and it was thought better to include them in a Diplomatic Sub-Head.

2873. The Diplomatic Sub-Head being E., and the Consular Sub-Head being NN.?—Yes.

2874. (To Sir *C. L. Ryan.*) Have you any remarks to make upon the point?—No; I thought it necessary to point out the facts.

2875. There

27 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Hervey. [*Continued.*

Civil Service Appropriation Accounts.

Vote 1.—Sub-Head E.—Telegrams—*continued.*

Mr. *Alpheus Morton.*

2875. There is a great deal more expended in excess under Sub-Head E. than the saving under Sub-Head NN., is there not; there is an excess on Sub-Head E. of 1,673*l.* 17*s.* 5*d.*?—Yes.

2876. Do I understand that the saving under Sub-Head NN. ought to make up that difference?—No, I think not.

2877. It does not do so, does it?—No.

2878. Why was there an excess on Sub-Head E.?—On account of the state of affairs in the East.

2879. That is not the explanation given in the account?—No. The question was asked why it was charged to one Sub-Head instead of to another Sub-Head.

2880. It states in the explanation on page 423, that "The telegrams sent by Her Majesty's Legation in Siam have been charged to this Sub-Head instead of to NN., as formerly." Would not that lead anybody to believe that the excess there would be a saving under the other head, NN.?—There would be less charged to Sub-Head NN.; but the recent political events affecting British interests have necessitated greater use of the telegraph.

2881. Then there is no explanation given for the excess here?—It is explained that "The recent political events affecting British interests in Siam caused a more frequent use of the telegraph." That is the explanation.

2882. That is not put on page 423?—You will see that explanation is quoted in paragraph 4, on page 428. It is a matter of general notoriety.

Mr. *Arthur Williams.*

2883. There is a statement at the end of paragraph 4, that "The recent political events affecting British interests in Siam caused a more frequent use of the telegraph." Then the Chairman, as I understood, asked you why it was charged to a Diplomatic Sub-Head instead of to a Consular. The explanation is a very obvious one, viz., because it has been Diplomatic work instead of Consular?—Yes.

Sub-Head M.—Special Missions and Services.

Chairman.

2884. (To Sir *E. W. Hamilton.*) In paragraph 5, in regard to his report on the account for the Behring Sea Sealers' Compensations, of which a full statement of the distributions had not been furnished, the Comptroller and Auditor General states that the Collector of Customs in British Columbia hoped to be able to pay out the balance during the month of September 1893. Then the Comptroller and Auditor General goes on to say: "No evidence has at present reached me that this has been done. It is, however, stated by the Treasury that 'their Lordships are in communication with the Colonial Office with a view of ascertaining what further

Civil Service Appropriation Accounts.

Vote 1.—Sub-Head M.—Special Missions and Services—*continued.*

Chairman—continued.

progress had been made in the distribution.'" Can you at all inform the Committee of the state of affairs with regard to this matter?—When the account was before the Comptroller and Auditor General, there was nearly 5,000*l.* unaccounted for. There has been a further 4,500*l.* accounted for since, and that leaves outstanding only about 500*l.* That money may still be claimed, and therefore the account cannot be finally closed until the end of the present financial year.

2885. (To Sir *C. L. Ryan.*) Have you anything to say upon this point?—I think the question will necessarily come up again in a subsequent Report next year. The facts are not before me at the moment.

Mr. *Alpheus Morton.*

2886. (To Sir *E. W. Hamilton.*) I see on page 422 the expenditure on this Sub-Head was less than the grant by 9,938*l.* 14*s.* 6*d.*; do you think there will be more money even than that?—£20,000 was the entire Vote for Behring Sea Sealers' Compensations; it has nothing to do directly with Sub-Head M. of the Diplomatic Vote; and the whole of it has now been spent, barring 500*l.*

2887. Will the 500*l.* cover all the expenditure remaining to be made?—Yes, I believe it will rather more than cover it.

British East Africa Company.

Chairman.

2888. (To Mr. *Hervey.*) At the end of Sub-Head (*d*), of paragraph 5, in regard to the British East Africa Company and the certificate of expenditure, the Comptroller and Auditor General remarks that the Treasury "have requested that the ascertained balance may be reclaimed by the Foreign Office from the Company." Then he goes on to say: "As this information is all that has been furnished to me, I am not in a position to state what the amount of the balance may be which should be reclaimed by the Foreign Office." Can you state what the amount is?—Yes; the Company have subsequently paid it, viz., 5,605*l.* 12*s.*, and it will be credited to the Vote of Diplomatic and Consular Services for 1894–95.

2889. Does that settle the question?—Yes, as regards that point.

2890. (To Sir *C. L. Ryan.*) Have you anything to say upon the point?—No, that will appear in the subsequent account.

2891. Does that seem to be satisfactory, so far as you can judge?—I cannot express any opinion upon it at present. It will appear in the subsequent year's account.

2892. We cannot press the point further now, I presume?—I think not.

 2893. What

Civil Service Appropriation Accounts.

Vote 1.—British East Africa Company —*continued.*

Mr. *Alpheus Morton.*

2893. What you wanted to know, as I understand is, that the money has been repaid by the Company?—Yes; and I have no evidence of that upon the present Vote.

2894. In paragraph 6, in regard to the particulars of expenditure under those Sub-Heads of the Vote for Diplomatic Services, which are not detailed in the Estimate, you state that you are going to have a further statement prepared in your Department?—That statement is appended to this Report; the reference is given to it in the margin.

2895. The statement is here in the Appropriation Accounts, is it?—Yes.

General Consular Services.

Sub-Head Q.—Salaries.

Chairman.

2896. (To Mr. *Hervey.*) In paragraph 7 the Comptroller and Auditor General states, in regard to a sum of 250*l.* paid with Treasury sanction to the British Consul at Chicago, that as a special Vote of 20,000*l.* was taken as a Grant in Aid of the expenses of the Royal Commission for the Exhibition at Chicago, he has considered it right to call attention to this additional expenditure defrayed out of another Vote. Was that done with Treasury sanction?—Yes. The grant of 20,000*l.* was in aid of the expenses of the Royal Commission; but, in consequence of the Exhibition at Chicago, the Consul was exposed to greater expenses, and the Treasury sanctioned this extra payment to the Consul towards the extra expenses incurred by him. That was apart from the expenses of the Royal Commission.

2897. The amount is not large; it is 250*l.*?—Yes. He was subjected to a great deal of extra expenditure on that account.

2898. (To Sir *E. W. Hamilton.*) Was this sanction of extra expenditure considered to be clearly within the competency of the Treasury?—Yes.

2899. (To Sir *C. L. Ryan.*) Do you concur in that?—I only call attention to the fact.

2900. So I understand; but do you concur that it was within the competency of the Treasury?—Yes.

Mr. *Arthur O'Connor.*

2901. (To Mr. *Hervey.*) I understand that under certain exceptional circumstances the Consul at Chicago was thought to have a reasonable claim for some consideration in the way of an extra allowance?—Yes; it happened to be an exceptionally expensive year.

Civil Service Appropriation Accounts.

Vote 1.—Sub-Head Q.—Salaries—*continued.*

Mr. *Alpheus Morton.*

2902. This is an exactly similar expenditure to the 20,000*l.*, is it not?—He was not a member of the Royal Commission.

2903. But it is in the same category, is it not?—No; it was due to the fact that the exhibition being held at Chicago subjected the Consul to a much greater expenditure. There were a large number of people at Chicago in consequence of the Exhibition; provisions were dearer; and there were further calls upon his purse on that account.

2904. (To Sir *C. L. Ryan.*) Is it right that this should be done without the sanction of Parliament?—I think it is within the competency of the Treasury to sanction expenditure of this sort upon the Vote.

Consular Services (China, Japan, &c.)

Chairman.

2905. (To Mr. *Hervey.*) In paragraph 10, in regard to the payment to a constable at Chin Kiang for services prior to the date on which he apparently took up his duties, the Comptroller and Auditor General states that he was informed that the matter had been referred to Chin Kiang, but that he has not received any explanation as to the apparent irregularity?—The explanation is that the constable took up his duties earlier than at first appeared, namely, on the 24th of August 1893.

2906. (To Sir *E. W. Hamilton.*) Is that considered a sufficient explanation?—Yes, so far as I am able to judge.

2907. (To Sir *C. L. Ryan.*) Do you consider it a sufficient explanation?—Yes; I think if that explanation had been before me originally, the point would not have been raised.

Sub-Head HH.—Medical Attendance on Mercantile Marine.

Chairman.

2908. (To Mr. *Hervey.*) In regard to Medical Attendance on Mercantile Marine, at the end of paragraph 11 the Comptroller and Auditor General says that no reply has been received from the Board of Trade with regard to the proportionate sum to be recovered from that Department for medical attendance on seamen of the Mercantile Marine; has any reply yet been received?—Yes; since then we have received a reply from the Board of Trade to the effect that they are in some doubt whether they can charge the Merchantile Marine Fund with that, and they have asked for further information, which is to be obtained from the Consul at Foochow.

2909. (To Sir *C. L. Ryan.*) Do you consider that explanation sufficient?—I understand the question is not settled; it is under consideration. I cannot

Civil Service Appropriation Accounts.

Vote 1.—Sub-Head HH.—Medical Attendance on Mercantile Marine—*continued.*

Chairman—continued.

I cannot express any opinion upon the point at present.

2910. We cannot press it further now?—I think not.

Mr. *Alpheus Morton.*

2911. (To Mr. *Hervey.*) When do you expect to have any reply upon this point?—We got the answer from the Board of Trade on the 11th of May, and we sent that out soon afterwards to the Consul in China.

2912. You have not had time to get his answer yet?—No.

Medical Attendance on Consuls.

Chairman.

2913. (To Mr. *Hervey.*) With regard to the allowance for medical attendance on consular officers, which was referred to in the Comptroller and Auditor General's Report of last year, the subject appears to be still under correspondence with the Treasury, and the Comptroller and Auditor General in paragraph 12 points out that meanwhile new allowances are being paid, I suppose, on this Account, without Treasury sanction; is that so?—I do not think that they are new allowances. The Treasury objected to the old arrangement, and it was suggested that new arrangements should be made. It is a very complicated question whether deductions should be made from the Consuls' salaries to meet this medical attendance; it is a very difficult thing to arrange, and the question is still the subject of correspondence with the Treasury.

2914. Are the medical attendants private practitioners?—Yes; they get a retaining fee, varying in amount.

2915. From the Foreign Office?—Yes, from the public funds to give medical attendance to Consuls in China. It it very difficult for the Consuls to get medical attendance, and hitherto they have not been charged with it.

2916. Then is the matter still under consideration?—It is still a subject of correspondence with the Treasury. It has been very much complicated by recent affairs in the East.

2917. (To Sir *E. W. Hamilton.*) Has the Treasury arrived at any decision upon the point yet?—I do not think it has been brought to a head yet.

2918. (To Sir *C. L. Ryan.*) Can we press the matter further now?—I do not see how the Committee can do anything until the Treasury come to a decision.

Mr. *Alpheus Morton.*

2919. (To Sir *E. W. Hamilton.*) When is it expected that the Treasury will settle this matter?—I could not say, I am afraid. I do not anticipate there will be any long delay about it. It is a matter of considerable difficulty, as Mr. Hervey has already explained.

Civil Service Appropriation Accounts.

Vote 1.—Sub-Head HH.—Medical Attendance on Consuls—*continued.*

Mr. *Arthur O'Connor.*

2920. (To Mr. *Hervey.*) I suppose the Foreign Office are really making *bonâ fide* efforts to settle this important question?—Yes

2921. The question of the medical attendance on certain officers has been under consideration since the year 1889, that is six years ago, and the Foreign Office has not been able, with all its efforts, to settle it?—It has been a very difficult question to arrange.

Mr. *Alpheus Morton.*

2922. May I ask what is the difficulty?—The difficulty has been in regard to making another arrangement. It is a question whether the Consuls should pay for this medical attendance, whether it should be deducted from their salaries. Hitherto they have been given salaries, and they have had this medical attendance. If a deduction is made from the salaries for medical attendance, it is a question whether we should not have to increase their salaries.

2923. Is the amount in question large altogether?—No; for 1893–94 it was somewhere about 1,500*l.* for China, Japan, and Siam.

2924. That is a large amount for those two places, is it not?—It is for three places.

Mr. *Arthur O'Connor.*

2925. Why cannot you increase the officers' salaries and have done with it, or, at all events, settle the question somehow or other, instead of having echoing down the void for six years in succession?—It is a difficult matter to arrange.

Chairman.

2926. You will observe that the feeling of the honourable Members of the Committee is that it is a thing that should be settled. May we understand that the Foreign Office will try and settle this matter soon?—Yes.

Loss of Consular Fee Stamps.

Chairman.

2927. (To Mr. *Hervey.*) In paragraph 13 the Comptroller and Auditor General states that there has been a loss of consular fee stamps at Port Said, and he goes on to say that he has been informed that "the circumstances connected with the loss of stamps at Port Said are still before the Treasury." Have you received any decision from the Treasury upon that point?—The matter has now been settled.

2928. (To Sir *E. W. Hamilton.*) How has it been settled?—The Consul repaid the amount of certain stamps missing from his own safe, and a part of the misappropriated fees. The remainder has been written off under Treasury authority.

2929. (To Sir *C. L. Ryan.*) You were not aware of that. I was not aware of that. (Mr. *Hervey.*) It has been settled since the Comptroller and Auditor General wrote his Report.

2930. (To Sir *C. L. Ryan.*) Under those circumstances there is nothing more to say?—No, if the money has been recovered.

27 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Hervey. [*Continued.*

Vote 1—*continued.*

Fee Returns wanting.

Mr. *Alpheus Morton.*

2931. (To Mr. *Hervey.*) In paragraph 14 the Comptroller and Auditor General says that Fee Returns are wanting from some of the Consulates, and that "applications have, it is stated, been made for them by the Foreign Office." Have you received any answers to those communications?—Yes; we have received answers from Cordoba, Santos, Paranagua, Tehuantepec.

2932. Have you got those returns?—We got the returns after a good deal of trouble.

2933. Do you expect to get the others soon?—The others, in Africa, are more difficult to get. They are very very slight in amount.

2934. I was going to ask do they amount to much?—Very little indeed.

Ex-officio Receipts and Payments.

Chairman.

2935. (To Mr. *Hervey.*) At the end of paragraph 15, in regard to Ex-officio Receipts and Payments, the Comptroller and Auditor General states that he caused a letter to be addressed to the Foreign Office asking for further information, and to that letter he had not received any reply at the date of the Report. Has any reply been sent since?—It has been subsequently settled, and a copy of it has been communicated to the Comptroller and Auditor General.

2936. (To Sir *C. L. Ryan.*) Is that settlement satisfactory to you?—It is satisfactory so far as it goes; that is to say, the settlement of the estates of deceased British subjects are in future to be undertaken by the Consuls. I should rather defer any further reply than that to another year.

2937. You do not recommend that we should push the point further now?—Not at present.

Additional Payment to Foreign Office Official not noted in Account.

Chairman.

2938. (To Mr. *Hervey.*) In paragraph 16 the Comptroller and Auditor General observes that a certain sum was paid to the Oriental Secretary of Her Majesty's Legation, Teheran, for Persian manuscripts, and that the amount has been defrayed out of the Vote for the British Museum. Have those manuscripts been received at the British Museum?—I believe so. It was for work done for the British Museum, and the amount of remuneration received by the Oriental Secretary ought to have been noted in the Appropriation Account, but the British Museum never told us of it till afterwards, and we are very sorry to say it was not noted in the Appropriation Account.

2939. It was done expressly for the British Museum?—Yes.

2940. (To Sir *C. L. Ryan.*) Have you anything further to say upon the point?—No, I have nothing further to say.

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Arthur O'Connor.*

2941. (To Mr. *Hervey.*) Does it mean that a purchase being made out of the Public Funds on account of the British Museum, the Oriental Secretary of Her Majesty's Legation in Persia receives from the British Museum this remuneration?—Yes.

2942. What is the position of the Oriental Secretary?—His position is like that of a regular secretary, except that he has got special knowledge of Oriental languages.

2943. But is he on the establishment?—Yes.

2944. Giving the whole of his time to the Public Service?—Giving the whole of his time to the Public Service.

2945. Why then should he get an allowance of 13*l.* 15*s.* from the British Museum Vote?—I rather think he had to incur some expenses in getting this information for the British Museum.

2946. Does it represent money out of pocket?—I am not quite sure about that. It may not entirely.

2947. Was Treasury sanction obtained for it?—We did not know the circumstances because the British Museum did not report it to us at the time. We only found out afterwards accidentally that he had received this remuneration.

Sir *John Hibbert.*

2948. I suppose this was a purchase by the British Museum?—Yes.

Mr. *Arthur O'Connor.*

2949. We want more than suppositions in dealing with accounts. I want to know the facts. You say it may be money out of pocket. Thirteen pounds fifteen shillings is paid to an officer in the permanent service of the Crown, and that is paid to him not out of his own proper Vote but out of another Vote?—Yes.

2950. I want to know whether it is on account of money out of pocket which is reimbursed to him, or whether it is a personal allowance for services rendered?—I am sorry I cannot tell you. I must obtain information upon that point.

2951. You do not know?—I do not know.

2952. I asked if Treasury sanction was obtained for this payment, and I gather that you do not know?—I do not know.

Sir *John Hibbert.*

2953. Would it be necessary to obtain Treasury sanction?—I do not think so. (Sir *E. W. Hamilton.*) It would, I think, be within the discretion of the trustees of the British Museum.

Mr. *Arthur O'Connor.*

2954. (To Mr. *Hervey.*) To decide whether Treasury sanction would be necessary, I suppose you would want to know whether it was money out of pocket repaid to this officer or a personal allowance for services rendered?—I do not think there

27 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Hervey. [*Continued.*

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

there would be any question of his not being allowed to receive remuneration.

2955. Will you tell us for what you would require Treasury sanction and for what you would not, because you appear to draw a distinction?—I am not aware that we should require Treasury sanction for his receiving remuneration from the British Museum. (Sir *E. W. Hamilton.*) It is part of the British Museum Vote. It would be impossible for the British Museum Trustees to come for Treasury sanction for every small payment they made.

2956. The Treasury is concerned with extra remuneration paid to civil servants at home and abroad, is it not?—Not necessarily so. (Mr. *Hervey.*) There is a provision that any extra remuneration received should be noted in the Appropriation Account.

2957. (To Sir *E. W. Hamilton.*) The Treasury is concerned with those notings; the Treasury is concerned with payments that are made to officers from Votes other than their own?—I do not think it is necessary to get special Treasury sanction. For instance, supposing the British Museum made a purchase from a civil servant, I do not know of any rule requiring Treasury sanction.

2958. Public money is spent for a thing, whether a manuscript or anything else, in some part of the world, at home or abroad, and the services of a civil servant are employed —— ?—It may be it was his own manuscript. I am not acquainted with the circumstances of this particular case; but I should imagine it was a purchase from him.

2959. That is rather leaving the question. I want to know whether public money can be spent (without the Treasury intervening) in rewarding or in making a payment to a civil servant, that money being spent out of a totally different Vote?—I am speaking "without book," but I think it is a matter of discretion somewhat depending upon the amount. In the case of such a trivial sum as this, I should say sanction was not required, but if it was a matter of 200*l.* or 300*l.* I should say certainly it was.

2960. Do you suggest that this Oriental Secretary was selling property of his own to the British Museum?—It is quite possible.

2961. But you do not know?—No, I am not acquainted with the circumstances.

2962. (To Mr. *Hervey.*) Does the Foreign Office know what the circumstances were?—No. (Sir *E. W. Hamilton.*) It is a matter to put to the British Museum authorities; it has really nothing to do with the Foreign Office.

2963. (To Mr. *Hervey.*) You could, perhaps, obtain for us the information from the Foreign Office; it is a small sum, but the principle is a very important one?—Of course we could ascertain any information the honourable Member wishes.

2964. The Foreign Office could ascertain

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

the information, I suppose?—(Sir *E. W. Hamilton.*) It is not really a Foreign Office matter at all. It is only by the courtesy of the British Museum that we could get the information.

2965. Perhaps the Comptroller and Auditor General could inform us upon the point?—The Comptroller and Auditor General raises no point upon it, as I understand.

2966. I am raising a question on the point. (To Sir *C. L. Ryan.*) Can you throw any light upon the subject?—Of course if, in the examination of the British Museum accounts, any question had arisen as to the propriety of this payment, or as to its having been supported by proper authority, and the question had not been satisfactorily answered, it would have been my duty to call the attention of Parliament in my Report upon the British Museum Account to the facts, and I should have done so. I cannot answer off-hand what the circumstances are connected with this particular payment; but I may state, in the case of purchases from officers on the establishment, the general rule is that no officer on the establishment is allowed to sell to the Government articles of his own without obtaining Treasury sanction for that sale. Whether or not in this particular case that sanction was asked for, I am not in a position now to state.

Sir *John Hibbert.*

2967. I suppose there was nothing to show that in this case the manuscript was property of his own?—I am speaking, of course, in ignorance of the absolute facts of the particular case. I only wish to call attention to the rule that the Treasury does enforce its authority with regard to purchases from officers on the establishment.

2968. Does not that refer to purchases from officers of their own property?—Yes. If the officer were only obtaining from others, as an agent, something which the British Museum desired to obtain, I do not think in that case Treasury sanction would be considered necessary.

2969. (To Mr. *Hervey.*) You are not able to state whether this manuscript was obtained through the assistance of the Oriental Secretary, or whether it was his own property?—No; I am unacquainted with the details of the matter.

Mr. *Arthur O'Connor.*

2970. (To Sir *E. W. Hamilton.*) I presume, and I hope, that these manuscripts were not the property of the officer; but then I come to the other horn of the dilemma; why should he be paid 13*l.* 15*s.* at all, if it be not for money out of pocket?—I should think it was owing to special circumstances which may have rendered it necessary.

2971. What were the special circumstances?

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

—I do not know what the special circumstances were; I am not acquainted with the facts at all. I can imagine that the man may have incurred certain expenses in connection with acquiring these manuscripts for the British Museum. If the honourable Member would put the question to the British Museum, or allow me to put it to them, I will obtain the information.

2972. It would not matter to this Committee how they got the information; but this fact remains, that the sum of 13*l.* 15*s.*, for which, so far as I can see, there is no excuse and no explanation, is paid out of public money to an official who is on the establishment, who is fully paid for all his services, and who is supposed to give the whole of his time to the public service, and it is not suggested that he has paid the money out of his own pocket?—I do not infer that; I think it is very likely that he did do so. What the Comptroller and Auditor General said a moment ago was, that if there had been any payment that was not regular on the British Museum Account, he would have queried it. This was among the payments under the British Museum Vote, and there was no query, and therefore it may be taken to be absolutely regular.

2973. It does not matter to the British Museum, as purchasers, to whom the money goes so long as they get what they want to buy, but it does matter, or it ought to matter, to the Treasury whether out of the British Museum Vote certain money is granted to an official for whose time full salary is given; is not that so?—I do not quite see that. The gentleman may have copied the manuscripts himself and incurred considerable expense.

2974. We know what extraordinary manuscripts have come from the East sometimes, and if you are to give your public officials an interest in obtaining documents for the British Museum, that might be open to various objections?—He may have incurred considerable expense in obtaining a copy of the manuscript.

Chairman.

2975. If the honourable Member feels any doubt upon the point, the better plan, perhaps, would be, if you would obtain the information that is required?—I have offered to furnish the honourable Member with the information.

2976. Will you kindly get that information for us?—Certainly.

Mr. *Alpheus Morton.*

2977. Is the Oriental Secretary a public officer who is supposed to give all his time to the public service?—Yes.

2978. Do you allow these public servants to do work for the British Museum or anybody else, without your knowledge?—He might do work outside the Department.

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

2979. (To Mr. *Hervey.*) This gentleman being an officer of the Government, is he allowed to do work for the British Museum or anybody else outside the Department and take pay for it. He might be doing it for a Foreign Government for aught you know?—He would not be allowed to do it for a Foreign Government.

2980. Is he allowed to do it for the British Museum?—I believe he would be able to do such outside work from his position as Oriental Secretary.

Chairman.

2981. (To Sir *E. W. Hamilton.*) You were so good as to say you would ascertain from the British Museum what are the precise facts with regard to this case?—I will do so with pleasure.

2982. The points upon which information is required are these: whether these manuscripts were the officer's property, or whether he had to incur expenses out of pocket in obtaining them and so forth. Then there is the question as to whether there is any rule or practice as to a gentleman in the position of an Oriental Secretary of Legation doing any work for the British Museum, or for any other British authority (apart from any Foreign Government) outside his office hours?—We have no hold upon a public servant out of office hours.

2983. Out of office hours you consider he has a right to do work for other departments?—Yes.

2984. I understand you to say that out of office hours there is no authority to prevent his doing such work?—I do not think it is possible to prevent it.

2985. Of course it stands to reason that he must not do it contrary to British policy?—Of course not.

2986. Then, as regards the time that may fairly come within office hours, I suppose he would not have the right to do such work?—Certainly not; but if increased work is thrown upon an officer in the public service, he may get extra remuneration with the consent of the Treasury.

2987. You will ascertain the facts of this case for the Committee?—Yes.

Mr. *Arthur O'Connor.*

2988. I understand that we shall be informed: first of all, whether this manuscript was the property of the officer; secondly, whether the money paid to him was money which was paid in respect of disbursements he himself had made; thirdly, whether it was made to him merely for personal service, apart from out-of-pocket expenditure; and, fourthly, whether Treasury sanction was obtained for the payment at all?—That is what I understand I am to ascertain. I will find that out, certainly.

2989. There

27 *June* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Hervey. [*Continued.*

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Alpheus Morton.*

2989. There is one other point, I understand, that you are to give information upon, viz., whether these officers can do work in office hours for the British Museum or anybody else without the sanction of the Department?—I will see what information I can get bearing upon that subject.

2990. (To Mr. *Hervey.*) I see on page 422 of the Accounts, there is an excess of 392*l.* 14*s.* 7*d.* under Sub-Head L., "Incidental Expenses," which is said to be "caused chiefly by repairs to the Embassy plate at Washington." How is it that there is all that expenditure on articles of that sort in a Republican country?—When Washington was made into an Embassy, the service of plate which had been originally given to Lisbon in the very old days when it was an Embassy, was given to the Embassy at Washington. We do not give services of plate in any cases lower than an Embassy now.

2991. Do you keep them in repair afterwards?—No, not afterwards.

2992. The explanatory note says "repairs"?—The plate had only just been sent to Washington. I think it had to be repaired before it was sent.

2993. Have you any further particulars about it?—We have the bill for the repairs.

2994. (To Sir *C. L. Ryan.*) Are you satisfied that this is a fair charge upon us?—Certainly. If I had thought there was anything wrong, or wanting in authority, I should have called attention to it. You may take it as a general principle that if I have not questioned a thing, it is because, upon full knowledge of the facts, I did not think it called for comment.

2995. May I take it that it is the custom of our Government to pay for this?—Yes.

2996. (To Mr. *Hervey.*) Can you tell me why there is such a large excess as 6,105*l.* on "outfits"?—There were a great many changes.

2997. Were there more than usual?—More than usual.

2998. On page 433 I see an item of 105*l.* 6*s.* 10*d.*, "Expenses in connection with the Queen's Visit to Florence." It is under the heading of "Details of the Expenditure under the Sub-Head 'Special Missions and Services.'" Can you tell me whether you have any right to spend money, without the authority of Parliament, on the Queen's visit to Florence?—I believe we have the right.

2999. Where is the authority?—It is under the head of "Special Services."

3000. I want to know what right you have, without the sanction of Parliament, to spend money upon the Queen's visit to Florence?—(Sir *E. W. Hamilton.*) It comes under Sub-Head T., "Special Services, Outfits and Travelling."

3001. We have nothing to do with the visit of the Queen to Florence?—I am not aware that the House of Commons has defined what "special services" are. It is left for the Secretary of State to define what are special services.

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

3002. (To Sir *E. W. Hamilton.*) But the visit of the Queen had nothing to do with the public service, had it?—I should have thought that any movements of the Sovereign were matters connected with the public service.

3003. Would you say that in the case of an ordinary visit?—I should have thought so.

3004. Am I to understand that the moving of the Queen from Windsor to Osborne is connected with the public service?—No. The item you refer to is "Expenses in connection with the Queen's Visit." Our Ambassador may have had to incur special expenses, while special messengers had to be sent, and telegrams, and so on.

3005. This has nothing to do with telegrams, has it?—This is "Expenses in connection with" the visit, not the expenses of the visit itself.

3006. Can you tell me who had the money?—No. (Mr. *Hervey.*) I was not prepared to answer these questions; but I will get the information if it is desired.

Chairman.

3007. I understand you will ascertain for us what the service was, and to whom the money was paid?—Yes.

Mr. *Alpheus Morton.*

3008. On page 433, I observe that there is an item of 20,000*l.* in connection with Sir Gerald Portal's mission to Uganda. If you make up the expenses in connection with that country, I suppose this sum must be added to the special Votes that we have taken?—We have a special Vote.

3009. (To Sir *C. L. Ryan.*) This is entirely additional to what we have voted otherwise, is it not?—Yes.

[Mr. *Hervey* withdrew.

On Vote 2.

No questions.

On Vote 3.

Colonial Services (including South Africa).

British Bechuanaland.

Chairman.

3010. (To Sir *E. W. Hamilton.*) In paragraph 9 of his Report on this Vote, the Comptroller and Auditor General says, with reference to the improvement in rendering the Accounts in regard to British Bechuanaland, that he trusts steps

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 3.—British Bechuanaland—*continued.*

Chairman—continued.

steps will be taken to insure in future the earlier transmission of all annual statements. Can you inform the Committee whether steps will be taken?—No; but I have every reason to believe that the remark made by the Comptroller and Auditor General will receive every attention at the Colonial Office.

3011. At all events, the Treasury will be good enough to keep their eye upon that point?—Yes.

Mr. *Alpheus Morton.*

3012. Have any steps been taken in the matter?—I am not in a position to inform the honourable Member.

3013. (To Sir *C. L. Ryan.*) You do not know whether they have taken any steps in the matter, though you have advised them?—I have advised them, and the Colonial Office have required the Receiver General to despatch his annual account up to the close of the financial year not later than the 1st of September following; so that practically I have every reason to suppose that my remark is bearing proper fruit.

3014. That some proper steps have been taken?—Yes; some steps have been taken since the date of this Report.

Chairman.

3015. (To Sir *E. W. Hamilton.*) In the opening sentence of paragraph 12, the Comptroller and Auditor General says that various errors, principally of classification, affecting both Revenue and Expenditure, occurred in the account; may we assume that the Treasury will try and prevent those errors occurring?—It is a matter for the Colonial Office.

3016. You will draw the attention of the Colonial Office to it?—Yes.

Mr. *Alpheus Morton.*

3017. Has their attention been drawn to it?—The attention of the Department is drawn to it when the Report of the Comptroller and the Auditor General is issued. (Sir *C. L. Ryan.*) I may say the attention of the Colonial Office has been drawn to it since. The errors have been pointed out to them, and I have very little doubt that they will take care that the accounts will be rendered more accurately in future. The Colonial Office is very anxious to meet in all these matters any requirements of the kind that are put forward.

On VOTE 4.

SUBSIDIES TO TELEGRAPH COMPANIES.

Mr. *Alpheus Morton.*

3018. (To Sir *C. L. Ryan.*) Do you know why there is such a large deficiency in the Appropriations-in-Aid realised under this Vote?—No.

3019. (To Sir *E. W. Hamilton.*) Do you know why there is such a large deficiency as 4,500*l.* in the Appropriations-in-Aid?—It is explained in the Notes A. and E.

3020. I observe it is explained in Note A. really. But that says nothing about the appropriations; it merely says you did not have to pay all the subsidy?—Yes; but the one would follow the other, I think.

3021. It may be so; but it does not say so here?—Yes, I think it does. In Note E. it says, "The explanation given under Sub-head A. applies also to this Sub-Head."

3022. It may apply, but it does not show how?—I should have thought the inference was tolerably obvious.

3023. Do you know what are the Appropriations in Aid. I myself have forgotten?—These are the details, if the honourable Member wishes to see them (*handing a Paper to the honourable Member*).

3024. They are subsidies paid by the colonies?—Yes.

CLASS VI.

NON-EFFECTIVE AND CHARITABLE SERVICES.

On VOTE 1.

SUPERANNUATION AND RETIRED ALLOWANCES.

Chairman.

3025. (To Sir *E. W. Hamilton.*) In the last sentence of paragraph 3 of his Report upon this Vote, the Comptroller and Auditor General states that a certain irregularity, namely, an overpayment to the wife of a lunatic pensioner, ceased in 1894, from which date the deduction has been made, but that the overpayment for the period prior to that date has been treated as irrecoverable; I suppose that is inevitable?—Yes, I think the recovery of the amount is not possible. The over-payment ought, I presume, to have been detected before, but it was not detected until it came before the Comptroller and Auditor General.

3026. You do not happen to remember, I suppose, how it came to be undetected?—I am afraid I do not know.

3027. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—I have not.

3028. (To Sir *E. W. Hamilton.*) We may understand that the Treasury will draw the attention of the proper authority to the fact of this remaining for a time undetected, in the hope that precautions will be taken to alleviate it in future?—Certainly; though I think it will be hardly necessary to do so.

3029. In paragraph 4, with regard to the Award of a pension to Mr. Ferdinand Gross, late Technical Assistant of the South Kensington Museum, the Comptroller and Auditor General points out that

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1. — Superannuation and Retired Allowances—*continued.*

Chairman—continued.

that from the correspondence that has passed between the Treasury and the Science and Art Department, it appears that "the officer in question held an appointment of a temporary nature, and therefore the inclusion of his name in the Treasury Minute was contrary to the provisions of the Act." Then the Comptroller and Auditor General says, for various reasons, which he gives, he has not thought it right to do more than draw attention to the irregularity. Have you any remark to make upon that point to the Committee?—No, I think not; beyond saying that it came under a Treasury Minute of 22 years ago, and it is therefore difficult to know what the circumstances were which induced the Treasury to include this officer in the Minute.

3030. (To Sir *C. L. Ryan.*) Do you think that anything more can be done in the matter?—No, I think not. I think the paragraph in my Report contains all I have to say upon the subject.

ALTERATION IN THE TREATMENT OF RETIRED PAY.

Chairman.

3031. (To Sir *E. W. Hamilton.*) In paragraph 5, in regard to the alteration in the treatment of retired pay, the Comptroller and Auditor General adverts to the alteration in a practice that has obtained for many years, and which has hitherto been considered to be within the intention of the Superannuation Acts, and he goes on to say that he has considered it right to notice the matter; the point, I suppose, being whether half-pay is to be considered as limiting the amount of the pension which may be granted?—The point was whether the rule about the calculation of pension which applied to half-pay, should apply also to retired pay. It was a question of how to read the Superannuation Act, and the Treasury for a time held that retired pay should be treated like half-pay. But in consequence of considerable hardships which arose by that construction, they altered the construction which they had placed upon the Act. I do not think the Comptroller and Auditor General questions the legality of the point.

3032. (To Sir *C. L. Ryan.*) Have you any remark to make upon the point?—No. It was an alteration so large that I thought it right to notice it, but I do not question that that may be a proper reading of the Act.

INCREASED PENSION TO INSPECTOR OF MINES.

Chairman.

3033. (To Sir *E. W. Hamilton.*) Adverting to paragraph 6, in regard to increased allowances to certain officers, including Mr. Cadman, late

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Increased Pension to Inspector of Mines—*continued.*

Chairman—continued.

Inspector of Mines, the Comptroller and Auditor General says it appears that "on account of an omission on the part of the Home Office, the Treasury have considered themselves virtually bound to admit the claim of these officers to a professional addition, and the increased allowance has consequently been awarded to Mr. Cadman"; have you any remark to make upon that point?—I have nothing further to remark, beyond what is stated in the Treasury letter annexed to the Report. The honourable Chairman will see that in that letter the question is gone into fully.

3034. That is the same letter from which extracts are included in the paragraph?—Yes; it is given at greater length at page 482.

3035. (To Sir *C. L. Ryan.*) Have you any further remark to make upon the point?—I have nothing further to say.

3036. Do you concur with the action of the Treasury?—I think, under the circumstances, as a matter of good faith they could not help themselves.

Mr. *Alpheus Morton.*

3037. Do I understand that the Home Office made a mistake in this case?—Yes.

3038. And that but for that mistake we should not have had to pay this 40*l.* per annum?—That is so.

3039. So that legally the 40*l.* was not due except for the mistake?—Yes; but public faith was rather involved in the matter, and, therefore, I contented myself with drawing attention to the case.

3040. Supposing the Home Office had done their duty, we should not have had to pay the 40*l.*?—Certainly, if the mistake had not been made.

3041. And the officer would not have been damaged in any way even if he had not got the 40*l.*?—He understood he was to get it.

COMPASSIONATE ALLOWANCES AND GRATUITIES.

Chairman.

3042. (To Sir *C. L. Ryan.*) Do you consider in your paragraph 4 that you now raise any question?—The gratuity there referred to is an extra statutory grant.

3043. Is it irregular?—The Treasury have always claimed certain powers of extra statutory grants in the case of compassionate allowances. It is a compassionate allowance, a gratuity only. Special provision has been made for this gratuity in the Supplementary Estimate submitted in March 1894.

3044. You do not mean to say that it is a breach of any order or rule?—No. It is not provided for in the statute.

Civil Service Appropriation Accounts.

Vote 1.—Compassionate Allowances and Gratuities—*continued.*

Chairman—continued.

3045. But in this case do you consider that the grant is contrary to law?—It is not contrary to law; it is not provided for by law.

Mr. *Hanbury.*

3046. Is there any limit to the amount of these compassionate allowances?—No; there is no limit, except the Sub-Head of the Vote. If that is exceeded of course the Treasury would have to explain how it came about.

Mr. *Alpheus Morton.*

3047. I understand the gentleman referred to here (Mr. March) received his full pension?—I would rather the Treasury should answer any questions connected with the case.

3048. (To Sir *E. W. Hamilton.*) Mr. March received his maximum pension, I understand?—Yes.

3049. What legal right have the Treasury to go beyond that?—It was in order to deal with the hard cases which resulted from the initial operation of the Order in Council compelling the retirement of people at a certain age.

3050. Then this man had arrived at full age?—Yes; but he had been only a short time in the service, and therefore he retired considerably sooner than what he had reason to expect when he accepted the appointment. In other words, his pension was smaller than what he had a right to look for.

3051. Under what statute has the Treasury the right to give this gratuity even if there is a hardship?—Under no statute but by a Treasury Minute laid before Parliament.

3052. Parliament would have no opportunity of sanctioning it, would they?—Yes; the gratuity was placed in a Supplementary Estimate and passed through Parliament.

3053. Does the man's name appear in the Supplementary Estimate?—I do not suppose the man's name was actually mentioned.

3054. Is it not simply a total amount for these allowances?—I do not know.

3055. I should like to have that question answered, if you can obtain the information. I suppose you have the particulars. If I remember rightly it is simply that a total amount is asked for for compassionate allowances and gratuities?—I may mention that there are several other similar cases.

3056. Would it come under Sub-Head F.; that is only 700*l.*?—The actual sum is mentioned, I see, in Sub-Head D., on page 473.

3057. When you asked for that Supplementary Estimate, did you mention the man's name to Parliament and say that he had already had the maximum pension?—I cannot answer that question, I am afraid.

3058. I wanted to find out, if I could, how you could show that it had got Parliamentary sanction?—By Parliament voting the money.

Civil Service Appropriation Accounts.

Vote 1.—Compassionate Allowances and Gratuities—*continued.*

Mr. *Alpheus Morton*—continued.

(Sir *C. L. Ryan.*) It is stated in the Report that this gratuity was provided for in the Supplementary Estimate submitted on 12th March 1894.

3059. (To Sir *E. W. Hamilton.*) Perhaps we can be told on another occasion how Parliament authorised this expenditure; may we have the information on a subsequent occasion how Parliament knows that this was intended for a man who had got the maximum pension?—Yes.

Discretionary Powers of Treasury.

Chairman.

3060. (To Sir *C. L. Ryan.*) In the second Sub-Head of paragraph 9, in regard to a certain compassionate allowance and a certain gratuity, you seem to consider it necessary to call attention to this exercise of discretionary power in granting these awards. These awards, you say, are admitted by the Treasury to be extra statutory?—The statement that those awards were extra statutory was made on the authority of an answer from the Treasury to a query; but I understand the Treasury gave that answer inadvertently, and that they do not hold that they are extra statutory, but that they are statutory. The paragraph, therefore, was written under a misapprehension, for which I was not responsible really because I was misinformed by the Treasury. I think Sir Edward Hamilton will confirm that. (Sir *E. W. Hamilton.*) Yes, there was a blunder made on the part of the Treasury in answering the query of the Comptroller and Auditor General.

3061. (To Sir *C. L. Ryan.*) You go on to allude to an undertaking of the Treasury to the effect that "if Parliament grants the proposed powers, all further exercise of discretion will cease, and that the Treasury will thenceforth, in granting pensions and allowances, confine itself strictly to its legal powers." Are we to understand that the Treasury will be restricted in granting any extra statutory allowances; does that mean that full discretion is given to the Treasury to grant what it sees fit, or what?—Whether the Treasury were wise in giving that undertaking, I am not quite certain; whether they will find it possible to abide by it I should very much doubt. But it was so given, and therefore I noticed it. However, the question really does not arise; because, by a misapprehension, these pensions were stated to be extra statutory which are not really given as extra statutory.

3062. What are the proposed powers mentioned there?—There were increased powers given to the Treasury under the Act in order to legalise practices which it had been found almost impossible to avoid, granting allowances in excess of

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Discretionary Powers of Treasury—*continued.*

Chairman—continued.

of the terms of the original Superannuation Act. The idea was that when that was once granted it would meet all the cases that could arise, and that no recourse need be had to extra statutory powers.

3063. Have these powers been given by Parliament?—Yes; there is an amendment of the Superannuation Act.

3064. Then this question will not recur?—That is an undertaking I cannot answer for.

3065. At all events you do not recommend that we should push this question further now?—No; because I think it is based upon a misapprehension to begin with.

Mr. *Alpheus Morton.*

3066. Does this come under the same head as the previous cases of gratuities unauthorised by statute?—It is under the same Sub-Head D.

3067. Does it come under the terms used in paragraph 8, "unauthorised by statute"?—Yes; they would if they were made extra statutory. But it has been a misapprehension (as I have tried to explain) that they were extra statutory.

Mr. *Arthur O'Connor.*

3068. (To Sir *E. W. Hamilton.*) I suppose in the Memorandum attached to the Superannuation Bill in 1887, in which it is said that "if Parliament grants the proposed powers, all further exercise of discretion will cease, and the Treasury will henceforth, in granting pensions and allowances, confine itself strictly to its legal powers," it was supposed that a line could be drawn that would separate the two classes of cases?—I have reason to think it has covered all the ground. I am not aware of any departure from the undertaking.

3069. You think the line so drawn has in reality separated the two classes of cases?—I think so; that is to say, I think it has rendered legal what was illegal before.

3070. It has taken in what was excluded before; but has it really drawn a line so that you can always discriminate on which side the cases shall fall?—I have not got the terms of the Treasury Warrant here, but there was a definition laid down as contemplated by the Act of 1887.

OMISSION IN NOTES.

Chairman.

3071. (To Sir *E. W. Hamilton.*) You observe from paragraph 12 that the explanatory note in the Estimates which was contemplated by this Committee of Public Accounts does not appear to be given in the case of the notice of Mr. Young's pension?—In that paragraph attention is called to that omission.

3072. May we understand that the note will be carefully supplied?—Certainly.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Omission in Notes—*continued.*

Chairman—continued.

3073. In the same way you will observe that at the end of paragraph 11 the Comptroller and Auditor General states that the Accounting Officer has omitted to notice several cases in respect of which the information contained in the pensioners' declarations is afforded. Ought that officer to have supplied that information?—I think it was an omission on the part of the Accounting Officer which will not recur.

On VOTE 2.

No questions.

On VOTE 3.

SAVINGS BANKS AND FRIENDLY SOCIETIES DEFICIENCY.

Chairman.

3074. (To Sir *C. L. Ryan.*) Does your Report raise any questions for the Committee upon this Vote?—It is only a statement of fact. I think there is no point raised.

Mr. *Alpheus Morton.*

3075. (To Sir *E. W. Hamilton.*) Is it estimated that these deficiencies on Savings Banks and Friendly Societies will go on for ever?—You will understand that these are Savings Banks and Friendly Societies as distinguished from the Post Office Savings Banks. I am afraid with the present price of Consols there is no likelihood of the deficiencies being put an end to.

3076. Is there no proposal to put an end to the deficiencies?—No, not at present. The whole question of the two Savings Banks Funds has been referred to a Departmental Committee, but there has been no proposal put before Parliament.

3077. When was it referred to the Departmental Committee?—About two months ago.

Sir *John Hibbert.*

3078. They have not reported, have they?—No; they have only held one or two meetings.

Mr. *Alpheus Morton.*

3079. Before long, I presume, there will be a Report upon the subject?—There will be a Departmental Report, not necessarily a Parliamentary document.

3080. Next year you will have more information?—Yes.

3081. Is one of the things which that Committee is asked to consider the getting rid of this deficiency?—It is asked to consider how best the present rate of interest can be kept up without showing a deficiency.

3082. This loss has been going on for a good many years, has it not?—Yes; a good many years.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

On VOTE 4.

No questions.

On VOTE 5.

Chairman.

3083. (To Sir *C. L. Ryan.*) Is there any question raised on this Vote?—No; I think there is nothing.

On VOTE 6.

HOSPITALS AND CHARITIES, IRELAND.

Mr. *Alpheus Morton.*

3083*. (To Sir *E. W. Hamilton.*) Do these Irish hospitals and charities belong to the Government?—I am afraid I should not be able to give very accurate information to the honourable Member without looking the matter up again. I have forgotten the details.

3084. Have we any such allowance in England or Scotland for hospitals?—No; the Irish hospitals are peculiar in that respect.

Mr. *Arthur O'Connor.*

3085. Are not these grants grants that are continued from the time of the old Home Parliament?—Yes; I believe they are connected with that.

Mr. *Alpheus Morton.*

3086. There is no such grant to either England, or Scotland, or Wales?—No.

CLASS VII.

MISCELLANEOUS.

On VOTE 1.

TEMPORARY COMMISSIONS.

CROFTERS' COLONISATION.

Chairman.

3087. (To Sir *E. W. Hamilton.*) In paragraph 6 of his Report upon this Vote, the Comptroller and Auditor General adverts to the non-production of certain vouchers, and goes on to say that the Accounting Officer's attention has been drawn to the subject; do you know what the result has been?—The attention of the Accounting Officer was drawn to that subject, and a certain amount, 5,000*l.*, was surrendered.

3088. Then there is no further point?—I think not.

3089. (To Sir *C. L. Ryan.*) Have you anything to say upon the point?—No. If it is not entirely satisfactorily settled it will be resumed next year. Some vouchers have been received

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Crofters' Colonisation—*continued.*

Chairman—continued.

since my Report was written, and it is possible the question may come up again next year.

3090. You do not think we can press it further now?—No.

3091. You remark at the end at paragraph 7 that you have received, in reply to your communication, a certain letter from the Department, which is appended to the Report, on the subject of the surrender of an unexpected balance; have you any further remark to make upon that point?—No. The letter, which is printed on page 506, is from the Scotch Office; and you will see the Secretary for Scotland regrets the delay, and says that as soon as Mr. Colmer, who is the Secretary to the Board, is able to look into the question, he hopes to clear it up. But I have not got any satisfactory information to give since the date of this letter.

3092. Then you think that, until we hear from Mr. Colmer, we cannot proceed much further with this matter?—I think the matter is not ripe for any settlement at this moment.

3093. (To Sir *E. W. Hamilton.*) Have you any remark to make upon the point?—I think nothing further.

REPAYMENT OF ADVANCES.—KILLARNEY SETTLERS.

Mr. *Arthur O'Connor.*

3094. (To Sir *E. W. Hamilton.*) Is there any reasonable prospect of these repayments ever being made, so far as you know?—I should not like to answer that question.

3095. Does the Treasury entertain any serious anticipation that the repayments will eventually be made with regard to the Killarney settlement?—I do not know for certain.

3096. Do they not think it better to write it off as irrecoverable; is there any reasonable prospect of recovering the money?—I do not think there is much chance, from what I know of the case; but I do not think we should like to give up all hope as yet.

3097. Are there more than two settlers remaining on the land?—I am not certain.

3098. Has there not been a report that the whole thing is a failure?—I believe it has been more or less a failure.

3099. Then why not deal with facts and write it off as irrecoverable?—I am afraid it may come to that.

3100. Why not do so now?—I presume we are waiting to have a final report from the local agent through the Scotch Office. I do not think we have had any report lately.

3101. Will you draw the attention of the Treasury to the desirability of writing these advances off if they are irrecoverable?—Yes, I will ask the Scotch Office to make a further report upon the matter.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1—*continued.*

REPAYMENT OF ADVANCES.—SALTCOATS SETTLERS.

Chairman.

3102. (To Sir *E. W. Hamilton.*) In paragraph 9, in regard to the repayment of advances by the Saltcoats settlers, the Comptroller and Auditor General says he is unable to state whether any portion of the advances made to these settlers has been repaid; can you give us any information upon that point?—Apparently the matter is not ripe for decision yet. The Scotch Office is still in negotiation about the whole matter. Some of these settlers have made a really *bonâ fide* attempt to discharge their obligations, and, as a last resort, ultimately, I presume, the homesteads could be sold.

Mr. *Arthur O'Connor.*

3103. They are not in so bad a case as the Killarney settlers?—I do not think they are in quite so bad a case. At all events there will be ultimately the land to sell.

3104. (To Sir *C. L. Ryan.*) Have you any further remark to make upon this point?—No; the question is not ripe for any final decision now, I think.

Mr. *Alpheus Morton.*

3105. (To Sir *E. W. Hamilton.*) The Comptroller and Auditor General says in paragraph 9, "As I have not been furnished since the year 1891–92 (although application has been made for the same) with any statement showing the financial position of the Colonisation Board, I am unable to state whether any portion of the advances made to these settlers has been repaid;" can you say why the Comptroller and Auditor General did not get the financial statement?—I am afraid I cannot say. It is a matter for the Scotch Office.

3106–7. Is there anybody here who can answer the question?—Not at the moment. I will ascertain the facts for the honourable Member.

Chairman.

3108. Will you kindly take a note of that and bring the information up at the next sitting?—Certainly.

Mr. *Alpheus Morton.*

3109. On page 496 I observe there is a very large excess upon the grant for the Labour Commission; can anybody explain why that is; I thought it was all at an end before this Account was rendered?—No; I think it went on until May 1894.

3110. There is a saving on one Sub-Head, "Travelling Expenses," but there is a large excess on Sub-Head G., "Salaries;" are they keeping the officers still employed?—I think they hoped to wind up before the end of the year, and they were not able to do so.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Repayments of Advances, &c. —*continued.*

Mr. *Alpheus Morton*—continued.

3111. They have wound the matter up now?—Yes; the account has been closed some time.

Mr. *Arthur O'Connor.*

3112. With regard to these Temporary Commissions, how does it come about that certain charges are made on this Vote and certain charges are made on other Votes in respect of Commission service; for instance, supposing there is a Commission relating to a question which concerns the Board of Trade Department, why is not the whole of the expense defrayed from one Vote, and why does some of it come from one Vote and some from another Vote?—I think something would depend upon the nature of the inquiry. If it is a very unimportant Departmental Committee, of which the expenses would be small, I think it would be charged to the Department itself.

3113. Take the whole of the administration of bankruptcy business; that is an important question. I see on the winding-up of the Committee the secretary received a salary from the Vote for the Bankruptcy Department of the Board of Trade. Why is it that some charges are made under the Vote for Temporary Commissions, and some charges are defrayed out of the money coming from the public through the Board of Trade?—I am not aware, with respect to this Commission, that any other expenses are incurred except under this particular Vote.

3114. If you will look at page 504, under the heading "Companies (Winding-up) Act Committee," it states "the secretary also received salary from the Vote for the Bankruptcy Department of the Board of Trade"?—He is an official of the Board of Trade, and he was employed as secretary of that Committee, and in consideration of his being subjected to additional work, he is given an extra salary.

3115. That explananation is perfectly satisfactory. It was my mistake. I understand it is only his salary that comes under the Board of Trade Vote, and it is simply this extra remuneration in respect of the Commission that comes out of this Vote?—Yes.

Mr. *Alpheus Morton.*

3116. I see on page 501 there is a small charge of 5*l.* for the Highlands and Islands Commission of 1883; why has that to be deferred so long?—I do not think they have wound up yet.

3117. Yes, they have; there is a later Commission now, the 1892 Commission?—I presume this must have been some arrear that was not claimed at the time. I am not acquainted with details.

3118. Is there nobody here acquainted with them?—No.

3119. This Commission was concluded long ago and the Crofters Act of 1886 arose out of it?—Yes, I believe so.

Civil Service Appropriation Accounts.

On Vote 2.

Miscellaneous Expenses.

Chairman.

3120. (To Sir *C. L. Ryan.*) Do I rightly understand that there is no question raised by you on Vote 2?—I think there is no question raised which need detain the Committee now; because with regard to the necessary books of the Ulster King at Arms the point will be looked at at the local audit in Dublin, which will take place very soon, to see that there are proper books kept now. There were not previously, and the point alluded to in the Report will be looked at in Dublin. I think that is perhaps all that can be said about it at the moment.

3121. Beyond that, you do not see anything that the Committee need investigate now?—No.

Mr. *Arthur O'Connor.*

3122. Were there any sums which were regarded at any time as perquisites which hereafter will be entered in the books?—I should not like to answer that question. I think we shall look into the matter and see if it is satisfactory locally. I think that is all you can do now.

Mr. *Alpheus Morton.*

3123. (To Sir *E. W. Hamilton.*) On page 509 I observe the explanation under Sub-Head D. is that "the fees of the law agent and clerk to the Bible Board were in excess of the amount estimated"; who is the clerk to the Bible Board?—I am afraid I cannot tell you.

Mr. *Arthur O'Connor.*

3124. We have it stated that under Vote 2, Sub-Head D., "Salaries," 494*l.* was granted; but the expenditure in respect of salaries under that grant amounted to 528*l.*, or 34*l.* more than granted, and the explanation is, not that the salaries were increased, but that "the fees were in excess of the amount estimated." Fees, and a grant of salary, are not the same thing?—I imagine it must mean the fees payable to the law agent and clerk to the Bible Board.

3125. To account for an increase in salaries to the amount of 34*l.*, it is explained that the fees are "in excess of the amount estimated." It may be very clear to those familiar with it, but, to an outsider, the explanation seems somewhat misleading?—I quite admit it is somewhat misleading; but I think that it means the fees payable to the law agent and clerk to the Bible Board; because provision is made for the payment of such fees in the Estimates.

3126. But that has nothing to do with it. The heading is "Salaries." Certain gentlemen are entitled to 494*l.* for salaries?—The sum is made up of several items, and in it was included an estimate of the amount required to be paid in respect of fees to the law agent and clerk of the

Civil Service Appropriation Accounts.

Vote 2.—Miscellaneous Expenses—*continued.*

Mr. *Arthur O'Connor*—continued.

Bible Board. The sum actually required to be paid was more than the estimate. That is the explanation of how the excess arose.

3127. As I understand, the Treasury came to the House of Commons and said, "We want a grant of 494*l.* in respect of the salaries of certain officials formerly on the Hereditary Revenue of Scotland;" and the House of Commons gave for those salaries the sum of 494*l.* But over and above that the sum of 34*l.* has been issued, apparently under that heading; and to explain it nothing is said about salaries being raised or increased, but we are told that the fees were in excess of the estimate?—I think, perhaps, if the honourable Member would look at the estimates they would more clearly show it. It is not very clearly expressed here, I admit. The amount paid in respect of these fees come to more than the amount which we put into the estimate.

Mr. *Alpheus Morton.*

3128. It is not a salary at all in respect of that part of it?—It is not a *bonâ fide* salary; but it is remuneration analogous to salary.

Mr. *Arthur O'Connor.*

3129. This is not a grant for "Salaries"?—"Salaries" and "Allowances" would be a better term.

3130. This further question remains: The fees to the law agent and clerk to the Bible Board are discharged under a provisional arrangement, and more is given than is estimated; it may be that the arrangement actually being carried out may result in something rather heavy as a public charge; how is it that the provisional arrangement has been so far exceeded; it has been exceeded by more than 50 per cent.?—I am afraid I cannot answer that question off-hand; but I should be very happy to afford the information to the honourable Member.

3131. The House voted the money, 60*l.*, for the clerk to the Bible Board, on the assurance that the office was discharged under a provisional arrangement; that amount has been exceeded by more than 50 per cent.; how is that?—I cannot answer the question myself at this moment. The Committee will bear in mind that I had only two hours' notice this morning of the Committee being summoned to-day, and so I have only had a very short time to look up the questions raised on the Accounts.

Chairman.

3132. Could you bring us the information on Monday?—I shall be happy to do so.

Mr. *Alpheus Morton.*

3133. I suppose you could tell us on Monday whether they have made other arrangements permanently?—Yes.

3134. (To

CIVIL SERVICE APPROPRIATION ACCOUNTS.

On VOTE 3.

PLEURO-PNEUMONIA.

Chairman.

3134. (To Sir *C. L. Ryan.*) Do I rightly understand that on this Vote you do not raise any particular question?—I think my Report on this Vote is mainly a statement of facts, so far as I am aware. I do not think there is any question.

Mr. *Alpheus Morton.*

3135. (To Sir *E. W. Hamilton.*) Have we really got anything to do with the expenditure of this money?—It is a Grant in Aid.

Chairman.

3136. As Votes 5, 6, and 7 are, apparently, in Parliamentary phrase, non-contentious, perhaps the Committee will allow me to take those three Votes first and then take Vote 4, upon which there is a question which may take up some time.

On VOTES 5, 6, and 7.

No questions.

On VOTE 4.

HIGHLANDS AND ISLANDS OF SCOTLAND (GRANTS IN AID OF PUBLIC WORKS AND COMMUNICATIONS, &c.).

Chairman.

3137. (To Sir *E. W. Hamilton.*) On Vote 4, as regards the Highlands and Islands of Scotland, you will observe the conclusion seems to be this: certain advances are regarded by the Comptroller and Auditor General as inadmissible as expenditure in the present account; he says, "Under these circumstances I am unable to agree that the advances can be properly regarded as expenditure in the present account." Then he goes on to say, "In the event of its being considered that these advances have been improperly charged under Sub-Head B., as stated in paragraph No. 3, the net surplus to be surrendered would be 4,215*l.* 9*s.* 7*d.*, instead of 389*l.* 9*s.* 7*d.*, as shown by the account, which would in that case stand as follows:—Grant, 41,000*l.*; Expenditure, 36,784*l.* 10*s.* 5*d.*; Net Surplus, 4,215*l.* 9*s.* 7*d.*" The question I have to ask is: do the Treasury admit this ruling of the Comptroller and Auditor General, or do they desire to offer any answer to it?—I do not think the Treasury would agree with the ruling of the Comptroller and Auditor General. He may not remember that in the Estimate itself there was a distinct indication given that this was a Grant in Aid. I admit that all the items in the Vote were not Grants in Aid, and the Resolution, I think, did not conform to the general terms of a Grant in Aid, nor was it

Chairman—continued.

denoted so in the Appropriation Act. But Parliament was seized of the fact that there was an intention on the part of those who proposed this Vote that part of it, at all events, should be taken as a Grant in Aid; the fact of its being a Grant in Aid was more distinctly brought out in the Estimates presented to Parliament last year; but I am afraid that, owing to some oversight, either in the House of Commons or in the Treasury, the Resolution was not altered nor was the Appropriation Act. Care will be taken this year to see that the Resolution follows exactly in accordance with the present form of the Estimate, and the Appropriation Act will, of course, follow the form of the Resolution.

3138. Under those circumstances are you prepared to surrender this 4,000*l.*?—No, I think not.

3139. Under those circumstances you desire not to surrender it?—Not to surrender it.

3140. You merely desire to say that you will rectify it in future?—What I wish to say is, that I think it was clearly the intention of those who proposed the Vote that a great part of it should be a Grant in Aid. It was called so in the Estimates presented to Parliament, and therefore Parliament was seized of the fact; but I think there was an irregularity and a blunder subsequently made.

3141. But still, notwithstanding all that, you demur to the surrender of the 4,000*l.*?—Yes, because it would be attended with great inconvenience.

3142. (To Sir *C. L. Ryan.*) Do you still adhere to your view that the 4,000*l.* must be surrendered, notwithstanding the inconvenience?—I should like to repeat almost exactly my evidence of last year.

Mr. *Alpheus Morton.*

3143. We went right into it last year?—Yes; I hold to everything I said last year. I hold that a mere statement in the Estimate that a sum is a Grant in Aid does not withdraw it sufficiently from the purview of the Exchequer and Audit Act, which is my authority, under which I act, to authorise me to pass a sum without a voucher, without seeing that it is applied to the purpose or purposes for which it is provided, and without seeing that it comes in course of payment within the year. Those are three express directions to me in the Exchequer and Audit Act; I am to ascertain that with regard to every Supply Grant; and if I act otherwise without the sanction or knowledge of Parliament, without a definite act of theirs to relieve me of the duty, I am taking upon myself a responsibility which I do not think I ought to assume. I would go further, and say it is a great question whether it is for the public advantage that the Treasury, by merely stating that a particular sum is a Grant in Aid, may thereby withdraw it from the audit

Civil Service Appropriation Accounts.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

of the Comptroller and Auditor General. Hitherto I have never admitted that that was the case. I have always felt that, if a particular sum was granted, although it is called a Grant in Aid, yet, if I thought the expenditure was such that it ought to be followed up, and that I ought to call the attention of Parliament to it, I considered it my duty to do so. I am acting under a statute in this matter; and I think I must have some authority other than a mere statement in the Estimate to relieve me from the statutory obligation.

3144. Then the outcome of your remarks is this: that the 4,000*l.* must be surrendered?—I can be no party to passing it.

3145. Notwithstanding the inconvenience which Sir Edward Hamilton has spoken of?—The money has not been spent, and therefore there is no great inconvenience in the matter so far as I can see.

3146. (To Sir *E. W. Hamilton.*) Will you tell us what exactly is the inconvenience; if this money is surrendered, will it be lost?—I should like first to say that I think this is a new ruling on the part of the Comptroller and Auditor General; I venture to think his remarks strike at the root of the whole system of Grants in Aid; it may be right or wrong, but it is a new ruling. (Sir *C. L. Ryan.*) It is the same ruling as last year. (Sir *E. W. Hamilton.*) Our point was, that Parliament had been seized of the fact that it was intended to be a Grant in Aid; but I admit it was not seized of the fact in the proper manner; it ought to have been more definitely put in the body of the Estimate, and the Resolution ought to have been worded so as to show that it was a Grant in Aid.

3147. You consider that when Parliament grants a sum as a Grant in Aid it thereby sanctions some relaxation of the audit rules, or rather, it exempts that particular sum from the full operation of the audit rules?—I think so. Let me remind the Committee what was the title of the Vote that was placed before Parliament, "Highlands and Islands of Scotland (Grants in Aid of Public Works and Communications, &c.)." There cannot be a more definite intimation to Parliament that it was intended to be a Grant in Aid, or, at all events, a portion of it. But I admit that (what is known as) Part I. of the Estimate did not explain the intention of the Vote in detail, as it ought to have explained it. Moreover, the Resolution did not explain the circumstances, as it ought to have done, and the Appropriation Act, of course, followed the Resolution, and therefore did not explain it either; but I think there can be no question that Parliament was seized of the fact that it was the intention of those responsible for submitting the Estimate to Parliament that the greater part of it, at all events, was to be a Grant in Aid.

3148. Conceding to the full that it is a Grant in Aid, Sir Charles Ryan says that nevertheless it should be subject to the operation of the Audit Department?—That strikes at the root of the whole system of Grants in Aid.

3149. You think if a Grant in Aid was subject to the operation of Sir Charles Ryan's Department, it ceases to have the value of a Grant in Aid?—The reason we are reluctant to put Votes in the form of Grants in Aid is that it does withdraw them altogether from the Comptroller and Auditor General; otherwise I think we should be very much pressed to extend the system of Grants in Aid.

3150. (To Sir *C. L. Ryan.*) That doctrine of withdrawal is what you do not admit?—There is no statutory sanction for it. I have endeavoured, in order not to inconvenience the public service, to act very leniently with regard to anything that is stated to be a Grant in Aid; and where it is shown clearly that the grant is only a very small part of the expenditure, I have never pushed the powers of the Exchequer and Audit Act and required to be able to follow that particular small sum. But I am not relieved by statute from any duty of doing it.

3151. I understand you to say that the heading "Grant in Aid" in a Parliamentary Estimate does not withdraw that sum of money from the purview of the statute?—I think not. In practice it has been very much allowed to do so, and I have no doubt that will go on; but in every case in which it has been done, so far as my knowledge goes, except where it has been a subsidiary sub-head of the Vote, there has always been a *quasi*-statutory sanction of its being so included in the Appropriation Bill. I have taken that as being more or less a warrant to me for waiving the statutory requirements.

3152. You would not claim this right in the case of a Grant in Aid to local rates?—I should never think of reducing it to an absurdity, because that would be what would happen, and it never has been so treated. But where a sum of money is spent entirely by a public office and public officers, I think the question is very different.

Sir *John Hibbert.*

3153. I should like to ask what are the conditions which you consider to be necessary to make a Vote a Grant in Aid, in addition to those that have been suggested by Sir Edward Hamilton?—I think that, inasmuch as there is no statutory power of withdrawing any Grant in Supply from the purview of the Exchequer and Audit Act, it must rest very much within the discretion of the Comptroller and Auditor General in his Report to Parliament, subject to the inquiries of this Committee afterwards, to decide whether we should think it desirable to ask for further information with regard to any particular expenditure so classed and so defined by the Appropriation Act. If it is not so classed in the Estimate and not so defined in the Appropriation Act, he has no authority at all to deviate from the Exchequer and Audit Act.

3154. You

Civil Service Appropriation Accounts.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

Sir *John Hibbert*—continued.

3154. You do not consider that the Treasury has authority to decide this question as to whether a Grant shall be a Grant in Aid or otherwise?—I think they have perfect authority to put it so in the Estimates, and to obtain the sanction of the Appropriation Act to it, and unless the circumstances were very peculiar, I do not think I should go further and press any claims under the Exchequer and Audit Act. But I do not think it would be for the public advantage that the Comptroller and Auditor General should be barred, if he thinks proper, from stating in his Report to Parliament what have been the facts with regard to any expenditure entirely under the purview and administration of a Public Department.

3155. Why should you make a distinction between the question of a Grant in Aid for the National Gallery, for instance, which is treated always as a Grant in Aid, and this particular Highlands and Islands Vote, which has also been treated by the Treasury as a Grant in Aid?—As regards the Grant for the National Gallery, that is a particular Sub-Head of the Vote, and in the same way in the case of the Grant to the Metropolitan Fire Brigade; they are Sub-Heads of the Vote; they are not Votes as such; and I should have thought there was greater latitude to be given to a Sub-Head than to an actual Vote.

3156. You see a distinction between the two cases?—I see a distinction between the Sub-Head of a Vote, all of which is examined except a particular part, and a whole Vote.

3157. (To Sir *E. W. Hamilton.*) With respect to the inconvenience of treating this case as different from a Grant in Aid, does not the inconvenience consist in the fact that the money has been treated as a Grant in Aid, and has been spent as being money in hand for the purpose of expenditure on this Vote?—I cannot say for certain that it has been actually spent; but I presume that the expenditure has been practically incurred. Therefore, if you insist upon a surrender of this money, either the local authorities will be put to very great inconvenience, or Parliament will have to re-vote the money.

3158. Would not the Department having the control of this money treat it as money available for the purpose of expenditure under the Vote?—Certainly.

3159. That, I presume, is what you mean by the inconvenience?—The inconvenience is this: you withdraw from the local authorities this money which has been paid over to them; and although they may not have actually spent it, they have, presumably committed themselves to expenditure to that extent. Therefore, if you ask them to repay the money they would be put to great inconvenience.

Mr. *Hanbury.*

3160. You said that this was a new departure?—I think the ruling of the Comptroller and Auditor General is certainly a new departure.

Civil Service Appropriation Accounts.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

Mr. *Hanbury*—continued.

3161. (To Sir *C. L. Ryan.*) What you said, so far as I understood it, was this: you claim to have power to inquire into the Grants in Aid in all cases, whether they are Sub-Heads or full Votes; but the practice has been only to call for vouchers and information of that kind in the case of a Vote which is a complete Vote?—There we get into detail. The practice has varied a good deal. Some sums which are granted as Grants in Aid are examined in full, some are not; it depends upon circumstances; the Meteorological Grant, for instance, is a Grant in Aid. Therefore there is no absolute rule which has hitherto been worked out. Perhaps so far as the Exchequer and Audit Act is concerned it may be a *casus omissus*, and it would have been better, perhaps, that there should be some definition in the Act which would have relieved the Comptroller and Auditor General from any difficulty or doubt upon the matter; it has not done so, and, therefore, he has had to make a ruling very much for himself.

3162. I gathered from your answers that your practice was, in the case of a complete Vote, to ask for these vouchers and get further information, but not in the case of a Sub-Head; but that is not an absolute rule?—It is not necessarily the rule; it is very much a matter of practice.

3163. This being a Grant in Aid in a Sub-Head, I understand the Treasury say that it is a new departure on your part asking for this information in regard to a Sub-Head; is that so?—I do not think that is quite so. (Sir *E. W. Hamilton.*) Take the case of the National Gallery, for instance; nothing whatever is said to Parliament, in the Vote, or in the Resolution voted by Parliament, or in the Appropriation Act, that any part of that is a Grant in Aid; but there is a particular Sub-Head in the Vote which is a Grant in Aid, which the Comptroller and Auditor General admits is a Grant in Aid, and which he practically treats as such in regard to non-surrender of unexpended surpluses, but with respect to which he ascertains, at the request of the Treasury, that the money is ultimately expended on pictures. In the case of the Vote at present under discussion Parliament is distinctly seized of the fact that it is the intention of those submitting the Vote that it is to be a Grant in Aid. In the old Vote Parliament was only seized of the fact by the title, and the title was, "Highlands and Islands of Scotland (Grants in Aid of Public Works and Communications, &c.)," but last year and this year in the Estimates it is more detailed; the words are, "Estimate of the amount required during the year ending 31st March 1896, for *Grants in Aid* of Expenditure upon certain Public Works and for Improved Communications." Nothing could be more definite than the information put before Parliament in that case, and I venture to think it is a strong case, which would come even less within the ruling of the Comptroller and Auditor General than the case of the National Gallery.

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

Mr. *Alpheus Morton.*

3164. If this is not to be audited, why do you surrender the balance?—We do not surrender the balance.

3165. What is the meaning of this note at the end of the account: "The Surplus of 15,810*l.*, for the year ended the 31st March 1893, has been surrendered"?—The real reason of that is that the whole had not been paid over to the local authorities before the account was closed.

3166. Is it not the fact that the surplus was surrendered in the year ending 31st March 1893?—Not that I am aware of.

3167. Does not it say so on page 516?—It was surrendered because it had not been paid over to the local authority; a Grant in Aid must leave the Accounting Officer's hands before the 31st March; if any of it remains in his hands it has to be surrendered.

3168. How could they surrender what they had not got?—The Accounting Officer had not parted with it; he had it in his hands.

3169. Has he in the present case parted with it?—I believe so, at least as regards these large sums.

3170. Can you tell me what is the difference between the surplus mentioned on page 515 of 389*l.* 9*s.* 7*d.* and the surplus mentioned on the next page of 15,810*l.* 0*s.* 3*d.*?—The figure on page 515 relates to the account of 1893–94, and the figure on page 516 relates to the account of 1892–93.

3171. Yes, but what is the difference otherwise?—They are exactly on all fours, viz., that the money was still in the hands of the Accounting Officer, and not having left his hands it was obliged to be surrendered.

3172. So that this 389*l.* 9*s.* 7*d.* will be surrendered?—Yes; but what the Comptroller and Auditor General asks is, that there should be surrendered a far larger sum; a sum which had been paid over by the Accounting Officer to another authority altogether.

3173. Then you are surrendering something?—Yes, we are surrendering that which the Accounting Officer had not himself paid away.

3174. You are aware of the decision of this Committee last year?—I am afraid I have forgotten the decision at this moment.

3175. It is paragraph 58 of our Fourth Report of last year; the Treasury considered that Report; have you before you the Minute of the Treasury with regard to that Report?—No.

3176. At the end of paragraph 42 of the Treasury Minute, in considering paragraph 58 of this Committee's Report, they say, "My Lords are prepared to consider each case separately on its merits, and they will take steps to have this done;" what have they done in this matter?—That has, I believe, reference to audit, not to appropriation.

3177. That is on this very question, is it not?—No; the question which the Comptroller and Auditor General raises here is whether the money has been properly appropriated. The question raised in the memorandum to which the honourable Member refers is, whether the Comptroller and Auditor General should audit it; we have not the smallest objection to the Comptroller and Auditor General auditing it; the only question is whether, if the money has not been spent by those to whom it was paid over by the Accounting Officer, it should be surrendered.

3178. (To Sir *C. L. Ryan.*) This is the same question as we were considering last year, is it not?—Yes; and my evidence of last year I should be prepared to repeat again. (Sir *E. W. Hamilton.*) Perhaps I might call the attention of the Committee to what the Treasury said in reviewing the Report of the Public Accounts Committee of last year. It is the 42nd paragraph in the Treasury Minute: "In paragraph 58 the Committee discuss the question of audit by the Comptroller and Auditor General of sums voted by Parliament as Grants in Aid. On the question of principle, my Lords observe that the Committee recognise the fact that Grants in Aid as such do not fall for the purpose of detailed audit within the provisions of the Exchequer and Audit Act. It is, indeed, of the essence of a Grant in Aid voted by Parliament that it is not subject to audit as regards disbursements on the lines applicable to ordinary Grants." The question there turned upon audit. In the present case, unless I have entirely misunderstood the Comptroller and Auditor General, the question is whether the amount should be surrendered, not whether it should be audited. We have no objection, as I have already stated, to the Comptroller and Auditor General going as far as he likes, or can, in following money after it has been paid over by the Accounting Officer. The question raised here is whether the Accounting Officer has to repay the money. That is a different matter to the audit. The main object of a Grant in Aid is that, if it is not expended in the year, it should not necessarily be surrendered at the end of the year; but that is no reason why it should not be audited.

3179. We did not admit that last year, did we?—Yes, I think so.

3180. Is it a local body that administers this fund; are they public officials, or what; they are very different from the Chicago Commissioners, I suppose?—They are. The Accounting Officer is the Scotch Office, but I think the Highlands and the Islands Commission are responsible for the expenditure.

3181. Practically this is spent under an official Department?—That may be so; but the whole object was that it should not be liable to surrender.

3182. In fact it is open to us to know where the money has gone?—The intention was that it should not be liable to surrender; there is no reason why the Committee should not have the fullest account of how it is expended.

3183. How can Parliament have control over it if the money is not to be surrendered?—That would

Civil Service Appropriation Accounts.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

would apply to all Grants in Aid. The House of Commons has no power over the expenditure of the Grant in Aid, for instance, to the National Gallery after the cash has been paid over to the Trustees by the Accounting Officer of the Vote, in the sense of being able to recall the money if it is not applied to the proper objects. But they have power over it in another way: if they think the money is ill-spent or mis-spent, they can withhold the Grant next year.

3184. What is the difference in this matter between a Grant in Aid for a new wharf or pier, and the Grant for these roads, piers, &c.; in the case of Peterhead Harbour they would have to surrender the money if they did not spend it?—The rule of the service is that any sum which has not come in course of payment by the end of the year should be surrendered; it is only in a very special case where it is thought advisable in the public interest that an exception is made to that rule.

3185. What is the difference between these cases and Peterhead Harbour, or any other undertaking under public officials?—It is difficult, perhaps, to draw a clear distinction. This was thought to be a case where the expenditure might with advantage be treated exceptionally.

3186. Do you not think that you ought to be able to show to us that this is exceptional; you tell the Committee now that it is a little difficult to draw a distinction?—With regard to the Peterhead Harbour, that was money spent by a Public Department; this is money handed over to a local authority who spend the money.

3187. Who is the local authority?—The county council in the case of roads.

3188. But suppose the county council like to go and spend it on some other matter altogether different from what Parliament voted?—Then they certainly would not get it again.

3189. (To Sir *C. L. Ryan.*) Have you anything to remark upon what has been said?—I have always made a very great distinction between Grants in Aid with Appropriation, and Grants in Aid without Appropriation, a simple Grant in Aid and a Grant in Aid stating under distinct sub-heads how the money was to be spent. The question of course divides itself into two or three different points. The question last year although practically the same dealt very much with the point of audit. This year, owing to the technical form of Part I. of the Estimate, the Treasury not having got any Parliamentary authority for this as a Grant in Aid even through the Appropriation Act, the question came back to a question of surrender. It could be arranged, if it was thought desirable (but I do not see my way to doing it at the present moment), that there should be a distinction drawn between the

Civil Service Appropriation Accounts.

Vote 4.—Highlands and Islands of Scotland, &c.—*continued.*

Mr. *Alpheus Morton*—continued.

power of the Comptroller and Auditor General to follow up expenditure to the extent he thinks necessary, even in the case of a Grant in Aid, and the question whether for particular local purposes certain sums should or should not be subject to the law of surrender. That again might divide itself into two different questions. At present there is no authority to supersede the Appropriation Act, which only gives the sums which come in course of payment in any particular year, and if the Comptroller and Auditor General audits, then he must know the fact whether the expenditure has taken place or not; and if the expenditure has not taken place, and it has not come within the course of payment in the year, as required by the Appropriation Act, I do not see what authority he can have to advise the law being superseded in any particular case of that kind. (Sir *E. W. Hamilton.*) I venture to differ from the Comptroller and Auditor General in respect of what he has just said, if I followed him correctly. This is money expended within the year by the accounting officer; it comes into course of payment within the year, because the Accounting Officer has paid the money over to the local authority. I think I understood the Comptroller and Auditor General to say just now that that was not money expended. That is a very important point; and if I misunderstood him I should be glad to be corrected. The conditions of a Grant in Aid have always been held to be fulfilled if the money has been expended by the Accounting Officer within the year; if that is contested, then the whole system of Grants in Aid falls to the ground.

3190. You want to treat this just the same as the Chicago Grant?—I do not want personally to treat it in that way, but I say that was the intention of Parliament.

3191. Quite so, and you think that intention was set out in the various items in the Estimate here?—I think so; I admit the wording of the Vote to which this particular account relates might have been improved, but under the present Estimates it is absolutely clear what is meant; it says distinctly "for Grants in Aid of expenditure upon certain public works."

3192. Do you mean to say that having put down 10,500*l.* for "steamer accommodation" you could spend that upon buying donkeys or anything else?—No.

3193. That is the very point, is it not, if it is a Grant in Aid?—The same remark might be applied to the whole system of Grants in Aid. You might just as well say that the National Gallery Grant could be spent in buying something totally different from pictures.

[The Witnesses withdrew.

Monday, 1st July 1895.

MEMBERS PRESENT:

Sir John Gorst.	Mr. Arthur O'Connor.
Sir Arthur Hayter.	Mr. Philip Stanhope.
Sir John Hibbert.	Sir Richard Temple.
Mr. Mowbray.	Mr. Thornton.

SIR RICHARD TEMPLE, BART., IN THE CHAIR.

REVENUE DEPARTMENTS, INCLUDING THE POST OFFICE, PACKET AND TELEGRAPH SERVICES, 1893–94.

Sir CHARLES LISTER RYAN, K.C.B., and Sir EDWARD W. HAMILTON, K.C.B., called in; and Examined.

On VOTE 1.

CUSTOMS.

Chairman.

3194. (To Sir *C. L. Ryan.*) I GATHER from your Report that you have no particular question on this Vote to lay before the Committee?—I do not think I have.

STORE ACCOUNTS.

Chairman.

3195. I understand, from paragraph 4 of your Report, you consider the arrangements for the discharge side of the Store Accounts being properly supported by vouchers are satisfactory?—The Customs have directed that receipts be obtained for all issues in future, and the local test of stores for 1894–95, which has been completed, shows that the requirements have been observed in the present quarter. Therefore the suggestion that has been made has been accepted and carried out, and I have nothing further to say upon the subject.

3196. (To Sir *E. W. Hamilton.*) Have you anything to say to the Committee upon the point?—Nothing.

Mr. CHARLES G. TURNER, C.B., called in; and Examined.

On VOTE 2.

INLAND REVENUE.

Chairman.

3197. IN the last sentence of paragraph 2 of his Report upon this Vote the Comptroller and Auditor General states, in regard to an over-payment to a supervisor at Sligo, who has since died, that to his inquiry whether it was intended to take any steps to recover this over-payment from the estate of the late supervisor no reply has yet been received. Can you inform the Committee what has been done in that case?—Steps were taken to recover that over-payment, but they were found to be unsuccessful. The circumstances were reported to the Treasury, and the Treasury subsequently allowed the amount to stand in the account, that is to say, to remain as a payment. The Treasury letter was the 12th February 1895.

3198. What is the effect of allowing it to remain in that way?—That there is no [illegible] allowance upon the account.

3199. The over-payment was sanctioned?—The over-payment was sanctioned.

3200. (To Sir *C. L. Ryan.*) What have you to say on the point?—Practically, I think the meaning of it is, that it is a proper claim to be made.

1 *July* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Turner, C.B. [*Continued.*

Revenue Departments, &c.

Vote 2.—Inland Revenue—*continued.*

Chairman—continued.

made. The claim is found to be irrecoverable, and the Treasury have sanctioned the abandonment of the claim.

3201. Is not that the same as writing it off?—It is practically the same thing as writing it off.

3202. Have you anything further to say?—I have nothing to say upon that paragraph.

3203. What has been done is within the power of the Treasury?—Yes; it has always been understood that the supreme financial authority must have that power.

3204. (To Sir *E. W. Hamilton.* Have you anything further to say upon this point?—Nothing further.

3205. (To Mr. *Turner.*) In paragraph 3 the Comptroller and Auditor General observes, with reference to the explanation under Sub-Head D., that if it is the practice to make the payments of the commuted allowances to clerks to the local Commissioners of Taxes depend either upon the fact of a surplus under another Sub-Head or upon the general state of the Vote, it is one which, in his opinion, should be discontinued. He points out that it was laid down by the Public Accounts Committee in 1891 that "payments which are due and fully matured must not be postponed, even for the purpose of avoiding an excess," and he says that it appears to him, under this ruling, "that if the commuted allowances above mentioned had become due and fully matured (without which they should not have been paid at all) payment should have been made irrespective of the fact of whether there was a saving under Sub-Head E. or not." Have you anything to remark upon that?—I think there is some misconception upon that point; it is hardly possible to close the accounts for the local collection of taxes within the financial year, but the clerks to the Commissioners receive some payment on account of their services. What has been done here is simply to continue the system which has been in vogue for some years, of making payments on account to the clerks to the Commissioners for their remuneration for services in connection with the current financial year.

Revenue Departments, &c.

Vote 2.—Inland Revenue—*continued.*

Chairman—continued.

3206. (To Sir *C. L. Ryan.*) Are you satisfied with the answer which has been given?—My objection was rather an objection on principle taken in consequence of the note on page 533, which explains that the payment would not have been made unless there happened to be money on another sub-head. It is a well-known principle, which has always been recognised by this Committee, that if payments have accrued and fully matured, they should be charged irrespective of the conditions of the sub-heads.

3207. It was not so much that you objected to the proceeding, but that you objected to the reason which was assigned for it, which was, in your opinion, unsound?—Yes, that is really it.

3208. (To Mr. *Turner.*) Have you anything to add, after hearing what Sir Charles Ryan has said?—The position of the Department was rather exceptional. There was a saving upon the Vote and at the same time these gentlemen were clamouring for some further payment, and therefore the opportunity was taken to make a further payment on account to them.

3209. (To Sir *E. W. Hamilton.*) Have you anything further to say upon the point?—Nothing beyond this, that I agree in principle with what the Comptroller and Auditor General says in his Report, but apparently there were somewhat special circumstances connected with this particular year which may, perhaps, have justified the course taken by the Inland Revenue.

3210. But they need not have put that explanatory note on page 533?—No; I think it was an injudicious note.

Sir *John Hibbert.*

3211. (To Mr. *Turner*). Is this an exceptional case, or is it a kind of case that occurs yearly?—It was exceptional in that year because the amount paid on account was rather larger than usual, and, as a matter of fact, the expenditure in the next year, which is now finished, is 4,000*l.* less.

[Mr. *Charles Turner* withdrew.

Mr. Algernon Turnor, C.B., called in; and Examined.

On Vote 3.

Post Office.

Chairman.

3212. In the last sentence of paragraph 2 of the Comptroller and Auditor General's Report upon this Vote he remarks in regard to a certain excess, "No reply has as yet been received to my request to be furnished with the necessary Treasury authority for this excess." Have you obtained that authority subsequently?—The

Chairman—continued.

Treasury gave a general authority in April 1888, and the Comptroller and Auditor General has been referred to that authority since that Report was made.

3213. Has he accepted that?—We have received no further complaint from him.

3214. (To Sir *C. L. Ryan.*) Are you satisfied upon

1 *July* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Turnor, C.B. [*Continued.*

Revenue Departments, &c.

Vote 3.—Post Office—*continued.*

Chairman—continued.

upon the point?—I should have preferred a more direct authority than I have received, and I think it would be well that the Post Office should get it. There is no special authority, but the reference is rather to a general authority.

3215. (To Mr. *Turnor.*) After hearing what Sir Charles Ryan has said, may we understand that the Post Office will be good enough to get that authority?—I think it has all been arranged between the Treasury and the Post Office. The origin of the excess was that there was a revision going on in the Post Office, and the Treasury allowed us to employ copyists against any vacancy, and gave a general authority in 1888.

3216. The Comptroller and Auditor General says that it would be well to get special authority in this case. May the Committee understand that you will get that authority from the Treasury?—We will apply to the Treasury for it. I think, perhaps, the Treasury will say they have given sufficient authority; but there is no objection to making the application.

3217. But if the Comptroller and Auditor General still thinks there ought to be further authority, I suppose the Treasury would not object to giving such authority?—I should have no objection to applying to the Treasury.

3218. (To Sir *E. W. Hamilton.*) You have heard the answers given by Sir Charles Ryan and Mr. Turnor, the point of which is really this: the Post Office think your general authority is enough, but Sir Charles Ryan thinks there ought to be a special authority in this case; would the Treasury mind giving that special authority?—I should have thought the general authority would have been sufficient, but if it does not cover the question in the opinion of the Comptroller and Auditor General, I am sure the Treasury will not object to give a special authority in this case.

Store Accounts.

Chairman.

3219. (To Mr. *Turnor.*) In the last two sentences of paragraph 5, in regard to the Store Accounts, the Comptroller and Auditor General says that at Dublin various irregularities were discovered, and he trusts that on an alteration in the superintending staff which has taken place, these irregularities may in future be avoided: have you anything to remark upon that paragraph?—There were only very trifling irregularities; of course, our desire is to avoid all irregularities; every effort is made to do so.

3220. You share the Comptroller and Auditor General's confidence that they will be avoided in future?—Yes, I hope so.

3221. (To Sir *E. W. Hamilton.*) Have you anything further to say upon the point?—No.

3222. (To Sir *C. L. Ryan.*) Have you anything further to say?—I have nothing more to say upon it.

Revenue Departments, &c.

On Vote 4.

Post Office Packet Service.

Chairman.

3223. (To Sir *C. L. Ryan.*) May the Committee understand that you have no questions to raise in your Report upon this Vote?—I have no question to raise in my Report upon this Vote.

3224. The only question I have to ask is whether the amount surrendered, nearly 15,000*l.*, is not rather large, or do you not see anything particular in that?—I think it is not exceptional, having regard to the largeness of the Vote.

3225. I observe that the percentage is not very great upon the total of nearly a million?—The total sum is so large that I do not think there is anything to remark upon.

On Vote 5.

Post Office Telegraphs.

Chairman.

3226. (To Mr. *Turnor.*) In the last sentence of paragraph 5 of the Comptroller and Auditor General's Report upon this Vote he remarks, in regard to an inquiry which had been made whether the Treasury sanction had been obtained for writing off the amount of certain losses, he "was informed that, under the regulations sanctioned by the Treasury, reports on stock-taking would be made to the Treasury at the end of the triennial period over which the stock-taking is spread. He adds, however, that he is of opinion that this fact in no way dispenses with the necessity of obtaining Treasury authority prior to writing off any such deficiencies or losses of stores as those under notice;" what have you to represent to the Committee upon that point?—The Treasury fixed a triennial period; it expired on the 31st of December last, and it is the intention of the Post Office to make its report and include that item as soon as it is able to do so. The Post Office are not quite clear that any actual losses have occurred; they may be only mistakes in book entries. But there is no difficulty about making a report at once to the Treasury upon that point if it is desired.

3227. And obtaining their sanction to the writing off?—Yes, if it is desired we can report upon that one point. It may be modified by the later report; that is the only objection to reporting at present.

3228. (To Sir *C. L. Ryan.*) Do you still adhere to your recommendation?—Yes. It is a general rule in the case of Store Accounts that as soon as a deficiency or loss has been actually found out, the Treasury sanction should be obtained for it.

3229. (To Mr. *Turnor.*) After hearing what Sir Charles Ryan says, may we understand that you will apply for Treasury sanction?—Yes.

3230. (To

1 *July* 1895.] Sir C. L. Ryan, K.C.B., Sir E. W. Hamilton, K.C.B., and Mr. Turnor, C.B. [*Continued.*

Revenue Departments, &c.

Vote 5.—Post Office Telegraphs—*continued.*

Chairman—continued.

3230. (To Sir *E. W. Hamilton.*) I suppose the Treasury will have no difficulty in giving their sanction to writing off?—I should have thought that the triennial period would have been sufficient, and that it would have been better to have seen how the three years worked out before the Post Office came to the Treasury; but there would be no objection raised on the part of the Treasury to giving their sanction.

[Mr. *Algernon Turnor* withdrew.

CONSOLIDATED FUND.

Abstract Accounts, 1893-94.

Chairman.

3231. (To Sir *C. L. Ryan.*) On looking through your Report I do not find any question which you wish to raise upon this account; is there any question you think should be raised?—I think not. In making the Report upon the Consolidated Fund, it is thought desirable to state the facts in the account for the purpose of giving the necessary information to Parliament, but no question, I think, which is in controversy, at all events, is raised in the Report.

3232. There is only one point I should like to ask a question upon; in paragraph 2, in regard to the Suez Canal drawn shares, you remark that "instead however of applying such moneys directly in redemption of debt, which would appear to be the most satisfactory course, the Treasury propose for the present simply to pay them into the Exchequer in augmentation of the cash balance;" do I understand that you at all indirectly object to the Treasury proposal?—I do not in any way question the legality of the proceeding. I should have thought it would have been better to have redeemed the debt rather than to increase the Treasury balance; but at the same time that is, of course, a question very much for the Treasury, and my responsibility ceases when I call attention to the fact.

Chairman—continued.

3233. (To Sir *E. W. Hamilton.*) Have you any remark to make upon what Sir Charles Ryan has said?—I may say that personally and individually I should agree with the Comptroller and Auditor General, but it was decided otherwise, mainly on the ground that the amount in question was a very small sum, and to increase your assets, which is the effect of paying this sum into the Exchequer balance, is, of course, practically the same thing as decreasing your liability. It was held to be defensible on that ground. The Exchequer balance was not too big, and, therefore, the Chancellor of the Exchequer at the time thought it was quite defensible to pay it in to the Exchequer to increase the cash balance.

3234. The Treasury thought that would be the most convenient way of dealing with it?—It was thought to be the most convenient way of treating this capital sum.

TREASURY CHEST, 1893-94.

Chairman.

3235. (To Sir *C. L. Ryan.*) Do I understand from your Report that there is no question to raise upon this account?—There is no question to raise upon the Treasury Chest Account.

3236. The only point which it occurs to me to inquire about is with regard to paragraph 4; you there say that the net profit of the Treasury Chest in 1893-94 has been 9,213*l.*, a result mainly due to transactions at Gibraltar, where an arbitrary rate of 25·22 pesetas to the £. has been in force for a considerable time; you go on to say, however, that you "understand that from the 1st of April 1894 this obselete rating ceased, and that in future there will be an official rating fixed at the beginning of each quarter on the basis of the market rate during the preceding quarter;" is that satisfactory to you?—Yes, that is rather what I have been aiming at; I think an abnormal profit was shown to the Treasury Chest by taking a fixed rate of exchange instead of the normal rate. The new arrangements put it on a better basis, I think.

Chairman—continued.

3237. (To Sir *E. W. Hamilton.*) Have you anything to remark upon the point?—Nothing beyond this, that the Treasury admitted that this was a fictitious premium, and that it should not appear in future accounts. It was clearly misleading. It was not detected when the rate of exchange was nearer the gold par; it was when the two rates got very much apart, so to speak, that the difference became apparent.

3238. (To

TREASURY CHEST, 1893–94.

Mr. *Arthur O'Connor.*

3238. (To Sir *C. L. Ryan.*) At whose loss was that excessive profit made formerly?—It was really a fictitious transaction; it did not result in a real loss, it apparently was a gain to the Treasury Chest.

3239. But the apparent gain would involve an apparent loss to somebody; whose loss would it be?—I must ask you to ask the Treasury as to that.

3240. (To Sir *E. W. Hamilton.*) This apparent gain would, presumably, involve an apparent loss to some parties, would it not?—It would really be that the Exchequer gained at the expense of the Treasury Chest Fund.

3241. I suppose you watch this account at the Treasury pretty regularly and closely?—Yes, it is most carefully watched at the Treasury.

3242. Could you say what is the lowest cash balance you have had at any time during the year on the Treasury Chest Fund as a whole?—I am afraid I could not answer the question off-hand.

3243. Are the accounts quarterly or annual?—We get accounts monthly from all the Treasury Chests.

3244. Would you not see from these monthly accounts how the balance was running off?—Certainly.

3245. You cannot say from memory what the amount was?—No.

3246. I wanted to know it in view of the reduction that was made on the maximum of 1,000,000*l.* to 700,000*l.*?—That reduction from 1,000,000*l.* to 700,000*l.* includes, also, the balance here at the Pay Office; but I may say that we have not been subjected to any inconvenience.

3247. That was the point I wanted to get at?—We have not been subjected to any inconvenience at all by the reduction.

WOODS, FORESTS, AND LAND REVENUES.

ABSTRACT ACCOUNTS, 1893–94.

Chairman.

3248. (To Sir *C. L. Ryan.*) Do I rightly understand that there is no question raised in your short Report upon these accounts?—I think there is no question that I have to bring before the Committee.

Mr. *Arthur O'Connor.*

3249. (To Sir *E. W. Hamilton.*) With regard to the arrears of Crown rents in Ireland, have they been substantially reduced since the efforts made by the office two or three years ago?—I am afraid I am not acquainted with the point to which the honourable Member is referring. I did not remember that that point was commented upon; was it commented upon last year?

3250. Yes. There was a Return and a Blue Book issued?—I am afraid I have forgotten it.

3251. You have not any information upon the subject?—I have not. I could get the information, of course, for the honourable Member.

Chairman.

3252. Will you obtain that information?—Yes.

LOCAL LOANS FUND.

ACCOUNTS, 1893–94.

Chairman.

3253. (To Sir *C. L. Ryan.*) Do I understand you to raise any particular question in your Report on this Account?—It is a Report upon which of course a great many questions might be raised, because it is a Report on a good many arrears on the several accounts, but I do not know that there is anything that I should desire to specially call the attention of the Committee to.

DETAILED STATEMENT OF LOANS.

Chairman.

3254. (To Sir *C. L. Ryan.*) In paragraph 14, in regard to the exclusion from Statement of Assets of sums which are not likely to be recovered, you say that certain views which you expressed were concurred in by the Treasury to the effect that these amounts of interest should be no longer included in the assets, as there is no reasonable prospect of recovering them. You go

Local Loans Fund.

Detailed Statement of Loans—*continued.*

Chairman—continued.

go on to say: "The Lending Departments, however, are required to keep a record in their books for the purpose of maintaining any claims against the debtors which may prove to be capable of enforcement." Do I understand that, although these amounts are no longer included in the assets, they still remain on the books?—Yes.

3255. In case there should be any chance hereafter of recovering them?—Yes. There was a diversity of practice between England and Ireland in this matter, and I called the attention of the Treasury to it. The Treasury agreed with my view, and an alteration has been introduced, so as to make the statements of the two bodies, who are lending public monies in this way, on all fours. But at the same time, that change, though not including all sums, which would be misleading, has in no way been so altered as to relieve the debtors from any possible recovery that might hereafter occur.

Mr. *Arthur O'Connor.*

3256. There is no abandonment of claim?—There is no abandonment of claim thereby.

Chairman.

3257. (To Sir *E. W. Hamilton.*) Have you any remark to make upon this point?—No; I think the account is improved.

Sir *John Hibbert.*

3258. Is it not the case when these amounts are written off that the debtors are told the claim still remains against them?—They are not told so; we only write it off the assets; we do not forgive the debtors in any sort of way, except by special arrangement carried out by Act of Parliament.

Sir *Arthur Hayter.*

3259. In the English accounts is the balance of interest outstanding still to be kept as a heading?—If it is a loan in arrear of which there is fair prospect of its being recovered, it would be so; but it is only to these loans which have been practically considered so bad that they have been written off against assets of the Local Loans Fund, that the remarks of the Comptroller and Auditor General apply.

3260. Those amounts written off would be retained in the English account?—They were kept up in the books of the Public Works Loan Commissioners for interest as well as principal purposes, though the loans had been written off the assets of the Local Loans Fund. This was thought to be rather misleading, because we do not write loans off against the assets of the Local Loans Fund unless they are really hopeless, and if things do mend the utmost we shall probably ever get back is a portion of the principal.

Local Loans Fund.

Detailed Statement of Current Arrears.

Chairman.

3261. (To Sir *E. W. Hamilton.*) From the concluding words of the first Sub-Head of paragraph 15 of the Comptroller and Auditor General's Report in regard to the Athenry and Ennis Railway Company, it appears that the arrears of interest by this company has been remitted by the Treasury, but the "sanction of Parliament has not been obtained; can you explain to the Committee why the sanction of Parliament has not been obtained?—I think this sanction of Parliament was obtained in the Act which is cited in the Report of the Comptroller and Auditor General.

3262. You refer to the Act of 1893 which is cited in the next paragraph. You consider that the citation of that Act is tantamount to the authority of Parliament?—I have rather forgotten the details of this loan; but I think the sanction of Parliament is only necessary for writing off the principal of a loan, and not the interest.

3263. Will you look at the concluding words of the second sub-head of this paragraph; perhaps they afford some light?—The words of the Act are: "The interest so remitted shall be deemed to be a free grant by Parliament." I am afraid I do not quite see the point of the remark of the Comptroller and Auditor General. We compounded with this railway company, and the terms of the composition are embodied in the Act of 1893, and therefore included the interest.

3264. (To Sir *C. L. Ryan.*) Will you kindly explain your point a little further?—My Report is merely a statement of the facts. I raise no question with regard to it. The third paragraph is only a continuation of the statement of facts.

3265. As I understand, the Treasury contend that by the Act a settlement was made which cleared everything, principal, interest, arrears, and so forth?—They re-calculated the amount.

3266. And that that is tantamount to the sanction of Parliament, which you seem to consider necessary?—Yes; they altered the sum due in respect of principal, and altered the net balance as there stated to 18,500*l.*, which has been repaid. This paragraph is merely a statement of the facts in connection with this loan.

3267. You have no further question to raise in regard to the explanation in the sub-head of the paragraph?—I raise no question.

Mr. *Arthur O'Connor.*

3268. I understand you show by this paragraph that the provisions of an Act were carried out with certain particular results, viz., a balance of 18,500*l.* 17*s.* has been repaid for principal, and 387*l.* for interest, and there is an end of the matter?—Yes, it was desirable to show the alteration, that is all.

3269. This

LOCAL LOANS FUND.

Detailed Statement of Current Arrears—*continued.*

Chairman.

3269. This is the same transaction which is alluded to in the following paragraph 16, is it not?—That paragraph shows how it affects the total sums.

3270. It includes the Athenry and Ennis Railway?—Yes, it states so.

3271. After that would any question arise for the Committee to ask on the last sub-head of this paragraph?—A statement in connection with the position of all the different loans is given there in the Report.

3272. That relates to the whole of the loans, and not to this company in particular?—Quite so.

Sir *Arthur Hayter.*

3273. (To Sir *C. L. Ryan.*) This large sum of 131,566*l.* decrease, shown at the bottom of page 28, is almost entirely, if not entirely, due to the writing off of interest on bad debts, is it not?—Yes, it is so stated in the paragraph itself.

Chairman.

3274. All the other matters seem to be included in paragraph 16?—Paragraph 16 may be taken to give an account of all the different loans and their pecuniary position at the end of the financial year.

3275. Is there anything you can suggest for inquiry in the remainder of this paragraph 16?—I have nothing to suggest unless anything occurs to the Committee.

Mr. *Arthur O'Connor.*

3276. Do you know whether the Commissioners of Public Works in Ireland have had any repayments of principal by persons who have been able to raise money cheaper elsewhere?—I happen to be one of the Public Works Commissioners in England, and we have had a considerable number of loans repaid; for instance, building loans and school board loans, by persons who appeared to be able to get money somewhat cheaper than we have been advancing it at. I do not know whether you have had the same experience in Ireland?—I am not aware of it.

Chairman.

3277. The only question that occurs to me to ask is upon the very last sub-head of the paragraph headed Fishery Board, Scotland, at the bottom of page 32, where you say, "The account of loans to fishermen made under the provisions of the Crofters' Holdings (Scotland) Act, 1886, is a comparatively small, but at the same time unsatisfactory service;" the total sum advanced under the Act amounted to 30,000*l.*?—Yes.

3278. Is that a small amount?—It is small as compared with many other sums in this account.

3279. In what way do you consider that the service is unsatisfactory?—It has always been somewhat unsatisfactory in regard to the difficulty of recovering the money. If you read on a little bit further you will see it is stated that "Of this sum the amount of 3,965*l.* 16*s.* 3*d.* has been written off as irrecoverable, and the arrears of principal and interest on the 31st March 1894 amounted to 4,050*l.* 8*s.* 2*d.*" I think I practically give the reasons why it is unsatisfactory in the next sub-paragraph.

3280. The amount written off as irrecoverable is nearly 8,000*l.*?—Yes. If you have so large a sum as that written off as irrecoverable out of the 30,000*l.*, I cannot say I think it is satisfactory. (Sir *E. W. Hamilton.*) I may, perhaps, mention that the Treasury consider these loans so unsatisfactory, the security so bad, and the inability to enforce repayment so small, that they have stopped the loan services altogether.

3281. (To Sir *C. L. Ryan.*) Virtually, the amount written off as irrecoverable is just 8,000*l.* out of 30,000*l.*, which is nearly 25 per cent.?—It is really very unsatisfactory; I might possibly have used stronger words.

Mr. *Arthur O'Connor.*

3282. (To Sir *E. W. Hamilton.*) Do you know whether the regulations in force in Scotland as regards these fishery loans are the same as those adopted in Ireland?—I am afraid I do not know.

3283. The fishery loans in Ireland are met with remarkable punctuality, and, I think, there are no losses; have you in Scotland the same system and the same regulations for the advance and recovery of the money as obtain in Ireland?—I am afraid I could not answer the honourable Member's question. I do not know the regulations myself; the particulars could be obtained of course, through the Scotch Office.

3284. Do not the Treasury sanction the regulations under which the advances are made?—My impression is, that after the Act was passed, the regulations were all settled with the Treasury at the time; that is some years ago; in 1886, if I remember rightly.

3285. Would not the Treasury be concerned with such a matter as the strange contrast between the experience in Ireland and the experience in Scotland, and arrive at a presumption, at any rate, that the regulations in the one place required amendment?—Yes; I think the Treasury certainly would take the two regulations, the Irish as well as the Scotch, into account, but they have not come before me individually; at all events, I have not seen the regulations for many years.

IRISH LAND COMMISSIONERS.

Mr. *Arthur O'Connor.*

3286. (To Sir *E. W. Hamilton.*) There is another point I should like to direct attention to on page 32; that is with regard to a sum of 2,241*l.* 0*s.* 11*d.*, which is due upon a single loan of 42,300*l.* made in the year 1887–88 to the Irish Land Purchase and Settlement Company; how does that matter stand now?—I have not seen any papers about it lately.

LOCAL LOANS FUND.

Irish Land Commissioners—*continued.*

Mr. *Arthur O'Connor*—continued.

lately, but to the best of my recollection it is still in abeyance.

3287. (To Sir *C. L. Ryan.*) Can you give us any information with regard to the Irish Land Purchase and Settlement Company?—I am sorry that I have not brought with me a reply which I received from the Irish Land Commissioners two or three days ago on this very question, asking the position in which it stands; but practically the position was that they had received a certain sum, and had not yet proceeded against some other persons who were liable in respect of this matter, and that the question is still *sub judice* in the sense that it is still undecided.

3288. They did not intimate any intention in one direction or the other?—No; they intimated no intention of writing off or taking any procedure of that kind at present.

3289. It will eventually, I suppose, need an Act to conclude it?—I should think it would have to be included in one of the Local Loans Acts.

CIVIL CONTINGENCIES FUND, 1893-94.

Chairman.

3290. (To Sir *C. L. Ryan.*) Is there any Report of yours appended to this account?—The only Report is the letter to the Treasury on page 12; there is no other Report.

3291. Is not this account looked through by you?—Yes, certainly; just the same as any other account.

3292. Do you not make any Report upon it?—I do not make any Report. It is not examined under the Exchequer and Audit Act; it is examined at the request of the Treasury.

3293. (To Sir *E. W. Hamilton.*) Have you anything to represent to the Committee regarding the Civil Contingencies Fund?—I have no special remark to make upon it; I do not think there is any item which calls for particular notice.

Mr. *Arthur O'Connor.*

3294. How long do you allow the advances to be outstanding?—Not longer than a year, if possible.

3295. Where an advance is outstanding for more than a year what do you do?—We try to get it repaid the year after.

Sir *Arthur Hayter.*

3296-7. With regard to the two advances referred to on page 12 to Boyle borough and Cork borough, they have been now repaid, I understand?—They have been recovered since the date of the Comptroller and Auditor General's letter.

Mr. *Arthur O'Connor.*

3298. Supposing a letter does not secure the repayment of an advance after a year or two, what do you do; what process do you adopt?—It would stand as a charge against this fund for the moment. Of course, if it could not be recovered we should have to include it in the Vote, and ask Parliament to repay the fund.

3299. What procedure do you adopt to enforce payment?—It depends upon what the nature of the payment would be.

3300. In this case of the municipal election expenses of Boyle borough, what is the procedure you adopt?—I am not aware what the legal proceedings would be if the borough refused to pay; but, no doubt, some sort of legal proceedings would be instituted if we had the power to institute them. But there is nothing, I think, at the present moment, of any material amount outstanding against the fund. The real use we make of it is to make advances on account of a Vote that has not been passed, and repay such advances almost immediately.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893-94.

On Vote 1 of Class V.

DIPLOMATIC AND CONSULAR SERVICES.

Chairman.

On the Vote for Diplomatic and Consular Services on the last occasion a question was asked as to a certain sum of 105*l.* for "Expenses in connection with the Queen's Visit to Florence," which is referred to at page 433 of the Appropriation Accounts; upon which we desired Mr. Hervey to be good enough to ascertain for what purpose exactly the 105*l.* was required, and he has sent me the following memorandum, which I will read: "The amount of 105*l.* 6*s.* 10*d.*, which

Civil Service Appropriation Accounts.

Vote 1.—Diplomatic and Consular Services—*continued.*

Chairman—continued.

appears as a charge on page 433 of the Appropriation Account for 1893-94 is for the travelling expenses of Her Majesty's Ambassador at Rome and of his staff when summoned by the Queen on the occasion of Her Majesty's visits to Florence during the June quarter of 1893 and the March quarter of 1894. As I informed the Committee, no portion of the charge in question is connected with the travelling or other personal expenses of Her Majesty."

Additional Payment to Foreign Office Official not noted in Account.

Chairman.

3301. (To Sir *E. W. Hamilton.*) I think you promised to obtain some further information with regard to the sum of 13*l.* 15*s.* paid to the Oriental Secretary of Her Majesty's Legation at Teheran?—Yes; I made a communication to the Principal Librarian at the British Museum, and I received a reply. Perhaps I had better read out his own words, as it is a matter affecting the British Museum Vote. He says, "Under the arrangement sanctioned by the Treasury, purchases of Persian MSS. and books are made from time to time from Mr. Sidney Churchill, of the Embassy at Teheran, for the British Museum. It is understood that these MSS., &c., cannot be got in any other way, certainly not on such favourable terms. In 1893–94 a total sum of twenty-nine pounds ten shillings (29*l.* 10*s.*) was paid to Mr. Churchill for 16 Persian MSS. and a Persian Diary, not 13*l.* 15*s.* as stated by the Comptroller and Auditor General. The Foreign Office was informed of" each payment.

Mr. *Arthur O'Connor.*

3302. Then, I gather, the purchase was actually made from this officer of documents which were his own private property?—I understand he acts as their agent there to pick up these documents.

3303. The expression is not "by" but "from him"?—Yes, from him. I should imagine he acts as their agent.

3304. It was a purchase by the British Museum from this gentleman, who is Oriental Secretary?—Yes; he being an authority, I suppose, as to what manuscripts are worth purchasing.

3305. As I understand, he is buying on his own account on the one hand, and selling afterwards to the British Museum?—I can only give you the information I have received from the British Museum at short notice, but I do not infer that from the letter. It seems to me that this gentleman acts as an agent. As I understand it, he buys manuscripts for the British Museum

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Mr. *Arthur O'Connor*—continued.

and sends them over, receiving what he paid for them. However, it is only a small sum, and the arrangement made was with the sanction of the Treasury; and the Foreign Office is informed every time it is done.

3306. Was the arrangement on the condition and on the understanding that as agent he was not to make a profit out of the British Museum?—I do not know that that was stipulated.

3307. That is the very point; an agent has no right to make a profit at the expense of his principal. (To Sir *C. L. Ryan.*) Can you throw any further light upon this point?—I have the actual vouchers here, but they do not show whether any profit is made or not. (Sir *E. W. Hamilton.*) Judging from some papers which I had not before me when I answered the question of the honourable Member for East Donegal just now, I should think that this gentleman probably does receive some small consideration. I presume that he sells them at a small percentage.

3308. Then I understand that the Treasury would assent to an arrangement by which an officer in the public service, acting as agent for the British Museum, may make a profit out of his principal?—They have assented on the ground that it was the most economical arrangement that could be made.

Chairman.

3309. Although the amount in this case is so small as to be, perhaps, almost insignificant, nevertheless is there not a principle involved in the questions put by my honourable colleague, Mr. O'Connor, in the matter. If a public servant acts as agent, then the case is clear; he is employed to purchase certain manuscripts at Teheran; he does so, and he does so at a certain price, and that price he pays, and is recouped therefor by a grant made by the British Museum with the sanction of the Treasury. So far that is quite intelligible according to the rules and principles of the public service. But if you go any further than that, and if you at all sanction that he shall himself sell to the British Museum manuscripts in his ownership, or if in any way he is allowed to charge any discount or *agio*, or in any way make a profit, then the transaction assumes a perfectly different complexion?—I admit it does. It might have been perhaps put upon another footing, but all I meant was that there was no irregularity in the actual transaction to which attention is drawn in the Report.

3310. You perceive that although the amount is, perhaps, imperceptibly small, there is an important principle involved in my honourable colleague's question?—I admit that.

3311. May we understand that the Treasury would keep a vigilant eye upon it, because [illegible] sort

Civil Service Appropriation Accounts.

Vote 1.—Additional Payment to Foreign Office Official, &c.—*continued.*

Chairman—continued.

sort of thing may be done in this instance it may be done in other instances involving much larger amounts?—I think the Treasury would be very jealous indeed about giving leave in a case of this kind.

3312. I hope they will be; have you ever heard it alleged that there is a great diversity in practice in regard to the British Government as compared with some of the Continental Governments as regards the employment of public servants for obtaining articles of antiquity, or of art, or the like, for public governmental institutions?—I believe that to be the case, and I am always very glad to think it is so.

3313. The diversity of practice relating to this very principle that Mr. O'Connor has been enforcing by his questions?—Quite so.

Mr. *Arthur O'Connor.*

3314. Where a Department is dependent upon the judgment of a particular gentleman as to the value of any article, and he is the owner of that article himself, there is a great danger, or there may be great danger, may there not, of such a gentleman being tempted to appraise the thing too highly?—I quite agree with the honourable Member in principle that it may be open to that objection.

Chairman.

3315. We are yet without absolute detailed information upon this point as to whether your inference from the letter is the right one?—I have only been able to give the Committee the information which I have myself succeeded in obtaining from the British Museum.

3316. Some doubt is thrown upon this matter by the use of the word "from"?—I admit that.

Mr. *Arthur O'Connor.*

3317. You will understand I do not for a moment suggest that in this case you have not an agent whose integrity is above suspicion; it is only with the question of principle we are dealing?—Quite so.

Chairman.

3318. (To Sir *C. L. Ryan.*) Have you anything to add upon this point?—In all cases of purchases from officers in the service it is usual to require Treasury sanction for that purpose *ad hoc*, not a general sanction. A general sanction is only given, to any extent at all, in the case of officers abroad, and where it is difficult to get Treasury sanction. In the case of any officer in a Public Department selling anything of his to the Department itself, or to the service itself, the question has to be referred to the Treasury, and I never pass such a payment without clear Treasury sanction for it. The question of principle which has been alluded to is not lost sight of at all in the service.

Civil Service Appropriation Accounts.

On Vote 1 of Class VII.

Repayment of Advances to Killarney Settlers and Saltcoats Settlers.

Chairman.

3319. (To Sir *E. W. Hamilton.*) I believe there was some other point upon which you promised to furnish us with further information?—Yes; a point was raised by the honourable Member for East Donegal relating to the question of the crofters at Saltcoats and Killarney.

Mr. *Arthur O'Connor.*

3320. Have you obtained further information as regards the Killarney settlers?—Yes. I have looked further into the case of the Killarney settlers, and also the case of the Saltcoats settlers; and I do not think it is so hopeless as the honourable Member seemed to suppose. I find, for instance, almost all the Killarney settlers are living on their homesteads; and half of the Saltcoats people are still there. They are, no doubt, in arrear, but it does not seem at all such a hopeless state of affairs as the honourable Member was under the impression it was; and if the worst comes to the worst, of course we have the security of the homesteads. Therefore, I think all we can do at the present moment is to hold our hands for a time, and see how the thing works out.

3321. Have not the homesteads been already reported upon as practically unsaleable?—I am not aware that that is the case.

3322. We had a Parliamentary Report upon the subject some two years ago?—I have not come across it; but, I think, under the circumstances the Treasury could hardly treat these advances as irrecoverable at present, in view of the information furnished by the Scotch Office.

Chairman.

3323. Is there any other point upon which you have further information to furnish to the Committee?—A point was raised by the honourable Member for Peterborough with regard to certain fees of the law agent and clerk to the Bible Board.

3324. What is the information you can give upon that point?—I think the point raised there was in consequence of the somewhat misleading entry in the account under the head of Sub-Head D., "Salaries," at page 508 of Vote 2, "Miscellaneous Expenses." The explanation of the excess is in these words: "The fees of the law agent and clerk to the Bible Board were in excess of the amount estimated." The explanation should rather have been that the fees paid to the law agent and clerk of the Bible Board under an arrangement which was made some years ago (a very economical arrangement, indeed), were

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Repayment of Advances to Killarney Settlers, &c.—*continued.*

Chairman—continued.

somewhat in excess of the amount estimated. I do not know that there was any other point which required explanation. I admit that the "fees" which are paid to a man do not come very properly under the head of "salaries," but

CIVIL SERVICE APPROPRIATION ACCOUNTS.

Vote 1.—Repayment of Advances to Killarney Settlers, &c.—*continued.*

Chairman—continued.

"salaries" is a term that is held to include remuneration generally, and this was a remuneration by fees.

[The Witnesses withdrew.

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APPENDIX.

APPENDIX, No. 1.

PAPER handed in by Mr. *William Tucker*, 12 June 1895.

MANCHESTER, SMEDLEY ROAD BOARD SCHOOL.

THE Girls' Department and the Infants' Department of the Manchester, Smedley Road Board School were paid grants in 1892–93 under Article 84 of the Code, *i.e.*, without inspection, on H.M. Inspector's recommendation, in consequence of his inability to inspect all the schools in his district, which were due for inspection in April 1893.

The Inspector's reports on those departments for 1891–92 were as follows :—

"*Girls' Department.*—This school is very well governed, and very carefully and successfully taught throughout. The instruction in elementary subjects displays no weak points, while much of the work is of a superior character ; the class subjects have been well prepared, and the recitation and singing by note are both very praiseworthy.

"*Infants' Department.*—This school, now held in temporary premises, is in very good order and remarkably well taught. The children are bright and intelligent, and the highly satisfactory examination they have passed in the different subjects of their instruction furnishes abundant evidence of the earnestness, diligence and skill with which the teachers have worked during the past year."

The grants recommended for the girls under Article 101 were the higher principal and organisation and discipline grants, the grant for singing by note, the higher grants for English and needlework, and the grant for cookery, in respect of 95 girls.

The grants recommended for the infants under Article 98 were the higher fixed grant, the highest variable grant the grant for needlework, the higher grant for singing by note.

Grants of corresponding amounts were paid for 1892–93.

APPENDIX, No. 2.

PAPER handed in by the *Chairman*, 1 July 1895.

ACCOUNTS OF THE COMMISSIONERS OF WOODS.

QUIT RENT ARREARS, IRELAND.

	£.	*s.*	*d.*
AT 31st March 1885, arrears in this Account amounted to - - - - -	39,047	14	11
At 31st March 1895 they amounted to - - - - - - - - -	4,536	9	8
The difference is - - - - £.	34,511	5	3

To the extent of about 12,000*l.* the reduction is due to a change in the mode of accounting, by which the half year's rents falling due on the 25th March, that is, six days before the Accounts are closed, do not appear in the Accounts of that year, but in the Accounts of the next succeeding year.

The rest of the reduction is due partly to arrears brought into receipt and partly to arrears discharged as irrecoverable.

The Treasury sanctioned the employment of extra clerical assistance for several years in order that these arrears might be dealt with.

The work is now nearly complete. The arrears at 31st March 1895 may be described to a large extent as of recent accrual.

On an annual rental of 38,000*l.* a certain amount of arrear is inevitable.

There are still some old arrears remaining to be investigated, but they are not of a hopeful character.

E. Stafford Howard,
Commissioner of Woods.

REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

INDEX.

Ordered, by The House of Commons, *to be Printed,*
29 *August* 1895.

LONDON:
PRINTED FOR HER MAJESTY'S STATIONERY OFFICE,
BY EYRE AND SPOTTISWOODE,
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441—Sess. 2.

Committee of Public Accounts.

Ordered,—[*Thursday*, 22*nd August* 1895]:—That the Committee of Public Accounts do consist of Fifteen Members.

Committee nominated of—

Mr. Buchanan.	Mr. Luttrell.
Mr. Gibson Bowles.	Sir Stafford Northcote.
Mr. Cameron Corbett.	Mr. Arthur O'Connor.
Sir John Colomb.	Sir Albert Rollit.
Mr. Gilliat.	Mr. Thornton.
Mr. Hanbury.	Mr. Webb.
Mr. Grant Lawson.	Mr. Woodall.
Mr. Herbert Lewis.	

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

That the Minutes of Evidence taken before the Committee of Public Accounts, together with Reports, in the last Session of Parliament be referred to the Committee of Public Accounts.

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REPORT.

THE COMMITTEE of PUBLIC ACCOUNTS have considered the Matters to them referred, and have agreed to the following REPORT:—

1. THE Public Accounts Committee appointed during the final Session of the last Parliament presented five Reports upon the Accounts of the Army, the Navy, and the Civil Services to the end of Class IV. They also took evidence upon the remaining Classes V., VI. and VII., and upon the Accounts of the Inland Revenue, the Postal and Telegraphic Services, the Woods and Forests, and others; thus completing their inquiry upon all the matters referred to them. The Dissolution of Parliament rendered it impossible to review that evidence fully, or to prepare a Report for presentation to the House, before the termination of the Session.

CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893–94.

2. The Reports of the Comptroller and Auditor General, and the evidence taken upon Accounts of the Services above mentioned, which were not dealt with by the last Committee of Public Accounts, disclose but few matters calling for particular notice by your present Committee.

CLASS V.

VOTE 1.—DIPLOMATIC AND CONSULAR SERVICES.

3. Your Committee remark, with satisfaction, that the Departmental Committee regarding the application of the age limit to the Consular Service have made their Report; and that an Order in Council is under the consideration of the Treasury in general conformity with the principles already applied to the other branches of the public service. Q. 2869 and 2870.

4. Your Committee have impressed on those concerned the desirability of speedily determining the financial conditions under which medical attendance is to be afforded to the Consuls abroad. Q. 2926.

5. Your Committee notice that a sum, small in itself, 13*l.* 15*s.*, but involving a question of principle, was paid to the Oriental Secretary to the Legation at Tehran for Persian manuscripts. None of the witnesses before your Committee were able to state positively whether the manuscripts in question, which were purchased by the British Museum, were the property of the officer himself, or whether the money was paid in whole or in part to reimburse him for expenditure actually incurred, or whether it was given as remuneration for services in connection with the acquisition of the documents. The general rule, as the Comptroller and Auditor General informed your Committee, is that no officer on the Establishment is allowed to sell to the Government articles of his own without obtaining Treasury sanction. That sanction was not specially obtained in this instance, but there does not otherwise appear to be any objection to the transaction. Your Committee, however, consider that the rule referred to is a wholesome one, and that cases of this description require vigilance on the part of the Treasury. Q. 2938 to Q. 2988.

CLASS VII.

VOTE 4.—HIGHLANDS AND ISLANDS (GRANTS IN AID OF PUBLIC WORKS AND COMMUNICATIONS, &c.)

6. In reference to Grants in Aid for public works and communications in the Highlands and Islands of Scotland, the Comptroller and Auditor General holds that the amount to be surrendered should be 4,215*l.*, instead of 389*l.*, as shown in the

Account, because he is unable to agree that certain advances can be properly regarded as expenditure in the present Account.

Q. 3137. Q. 3143. 7. In his evidence before your Committee, he holds that a statement in the Estimates that a sum is a Grant in Aid does not withdraw it sufficiently from the purview of the Exchequer and Audit Act to authorise him to pass a sum, although, as in this case, it may have been paid by the accounting officer to a local authority, without making sure that it is applied to the purpose for which it is provided, and without seeing that it comes in course of payment within the year. The Treasury, on the other hand, represent that to now require the surrender of the sum mentioned above would be very inconvenient, on the ground that it would involve the withdrawal from the local authorities of money which has been paid over to them; as to which, although they may not have actually spent it, they have committed themselves to expenditure being incurred to that extent.

Q. 3153.

Q. 3158.

In view of this representation, your Committee are not prepared to insist upon repayment in this instance. The circumstances of the present Session do not admit of a full consideration of the questions involved as to the nature of Grants in Aid, and the functions of the Comptroller and Auditor General with regard to their ultimate appropriation. These questions, as your Committee are informed, will arise again on the Accounts of the financial year ended on the 31st March 1895, and will be dealt with by the Public Accounts Committee of the next Session of Parliament.

REVENUE DEPARTMENTS, INCLUDING THE POST OFFICE, PACKET, AND TELEGRAPH SERVICES.

CONSOLIDATED FUND.

TREASURY CHEST.

WOODS, FORESTS, AND LAND REVENUES.

LOCAL LOANS FUND.

CIVIL CONTINGENCIES FUND.

29 *August* 1895.

PROCEEDINGS OF THE COMMITTEE.

Tuesday, 27th August 1895.

MEMBERS PRESENT:

Mr. Hanbury.
Sir John Colomb.
Mr. Thornton.
Sir Albert Rollit.
Mr. Gibson Bowles.
Mr. Buchanan.
Mr. Arthur O'Connor.
Sir Stafford Northcote.
Mr. Herbert Lewis.

Mr. ARTHUR O'CONNOR was called to the Chair.

DRAFT REPORT, proposed by the *Chairman*, read the first time, as follows:—

"1. THE Public Accounts Committee appointed during the final Session of the last Parliament presented five Reports upon the Accounts of the Army, the Navy, and the Civil Services to the end of Class IV. They also took evidence upon the remaining Classes V., VI., and VII., and upon the Accounts of the Inland Revenue, the Postal and Telegraphic Services, the Woods and Forests, and others; thus completing their inquiry upon all the matters referred to them. The Dissolution of Parliament rendered it impossible to review that evidence fully, or to prepare a Report for presentation to the House, before the termination of the Session.

"CIVIL SERVICE APPROPRIATION ACCOUNTS, 1893–94.

"2. The Reports of the Comptroller and Auditor General, and the evidence taken upon Accounts of the Services above mentioned, which were not dealt with by the last Committee of Public Accounts, disclose but few matters calling for particular notice by your present Committee.

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Q. 3137. Q. 3143. "7. In his evidence before your Committee, he holds that a statement in the Estimates that a sum is a Grant in Aid does not withdraw it sufficiently from the purview of the Exchequer and Audit Act to authorise him to pass a sum, although, as in this case, it may have been paid by the accounting officer to a local authority, without making sure that it is applied to the purpose for which it is provided, and without seeing that it comes in course of payment within the year. The Treasury, on the other hand, represent that to now require the surrender of the sum mentioned above would be very inconvenient, on the ground that it would involve the withdrawal from the local authorities of money which has been paid over to them, as to which, although they may not have actually spent it, they have committed themselves to expenditure being incurred to that extent.

Q. 3153. Q. 3158.

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"REVENUE DEPARTMENTS, INCLUDING THE POST OFFICE, PACKET, AND TELEGRAPH SERVICES.

"CONSOLIDATED FUND.

"TREASURY CHEST.

"WOODS, FORESTS, AND LAND REVENUES.

"LOCAL LOANS FUND.

"CIVIL CONTINGENCIES FUND."

DRAFT REPORT, proposed by the *Chairman*, read a second time, paragraph by paragraph, and *agreed to*.

Question, That this Report be the Report of the Committee to the House,—put, and *agreed to*.

Ordered, To Report, together with the Proceedings of the Committee.

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REPORT

FROM THE

COMMITTEE

OF

PUBLIC ACCOUNTS:

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

INDEX.

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REPORT

FROM THE

STANDING COMMITTEE

ON

LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE,

ON THE

CHURCH PATRONAGE BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed*,
13 *May* 1895.

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1895.

STANDING COMMITTEE ON LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE.

[*Tuesday, 26th February* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had nominated the following Members to serve on the Standing Committee for the consideration of all Bills relating to Law, and Courts of Justice, and Legal Procedure, which may, by Order of the House, be committed to such Standing Committee:—

Committee nominated of—

Mr. Ambrose.
Mr. Asquith.
Mr. Atherley-Jones.
Mr. Bartley.
Mr. Beach.
Mr. Bolitho.
Mr. Jacob Bright.
Mr. Brodrick.
Mr. Bryce.
Mr. John Burns.
Mr. Carson.
Sir Edward Clarke.
Mr. Courtney.
Mr. Donald Crawford.
Mr. Cremer.
Mr. Curzon.
Mr. Darling.
Sir Charles Dilke.
Mr. Dillon.
Sir William Hart Dyke.
Mr. A. de Tatton Egerton.
Mr. John Ellis.
Mr. Evans.
Sir Walter Foster.
Mr. Henry H. Fowler.
Mr. Herbert Gardner.
Mr. Gathorne-Hardy.
Mr. Herbert Gladstone.
Mr. Haldane.
Sir Charles Hall.
Sir Edward Harland.
Mr. Maurice Healy.
Mr. T. M. Healy.
Mr. Staveley Hill.
Mr. Samuel Hoare.
Mr. Henry Hobhouse.
Sir Ughtred Kay-Shuttleworth.
Mr. Kenyon.
Mr. Knox.
Mr. Lawrence.
Mr. Shaw Lefevre.
Mr. Lloyd-George.
The Lord Advocate.
Mr. James William Lowther.
Mr. McNeill.
Mr. Matthews.
Sir Samuel Montagu.
Mr. John Morley.
Mr. Edward Morton.
Mr. Mount.
Mr. Mulholland.
Mr. Muntz.
Mr. William O'Brien.
Mr. Paul.
Sir Charles Pearson.
Mr. Pickard.
Sir Francis Powell.
Mr. John Redmond.
Mr. Bryn Roberts.
Sir George Russell.
Mr. Parker Smith.
Mr. Solicitor General.
Mr. Francis Stevenson.
Mr. Storey.
Mr. Taylor.
Sir Richard Temple.
Mr. Webb.
Mr. Whitmore.

CHURCH PATRONAGE BILL.

[*Monday, 11th March* 1895]:—*Ordered*, That all Standing Committees have leave to print, and circulate with the Votes, the Minutes of their Proceedings, and any amended Clauses of Bills committed to them.

[*Friday, 15th March* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had discharged the following Member from the Standing Committee on Law, and Courts of Justice, and Legal Procedure:—Sir Ughtred Kay Shuttleworth; and had appointed in substitution: Mr. Hopwood.

[*Wednesday, 3rd April* 1895]:—Church Patronage Bill read a second time, and committed to the Standing Committee on Law, &c.

[*Tuesday, 9th April* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had added to the Standing Committee on Law, and Courts of Justice, and Legal Procedure, the following Fifteen Members in respect of the Church Patronage Bill:—Mr. Griffith-Boscawen, Viscount Cranborne, Mr. Dodd, Mr. Everett, Sir James Fergusson, Mr. Fisher, Mr. MacInnes, Mr. Lloyd Morgan, Mr. Roby, Mr. George Russell, Colonel Sandys, Mr. Talbot, Mr. Warner, Mr. Carvell Williams, and Viscount Wolmer.

Sir Matthew White Ridley reported from the Chairmen's Panel: That they had appointed Sir Matthew White Ridley to act as Chairman of the Standing Committee for the consideration of Bills relating to Law, and Courts of Justice, and Legal Procedure, in the place of Mr. Arthur O'Connor.

[*Tuesday, 7th May* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had discharged the following Members from the Standing Committee on Trade (including Agriculture and Fishing), Shipping and Manufactures:—Sir Joseph Pease and Sir Mark Stewart; and had appointed in substitution: Mr. Gerald Balfour and Mr. Johnson-Ferguson.

Sir John Mowbray further reported from the Committee; That they had discharged the following Member from the Standing Committee on Law, and Courts of Justice, and Legal Procedure: Mr. Samuel Hoare; and had appointed in substitution: Mr. Jebb.

REPORT.

THE STANDING COMMITTEE on LAW, and COURTS OF JUSTICE, and LEGAL PROCEDURE, to whom the CHURCH PATRONAGE BILL was referred;—— HAVE gone through the same, and made Amendments thereunto.

13 *May* 1895.

STANDING COMMITTEE ON LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE.

Thursday, 9th May 1895.

MEMBERS PRESENT:

Sir MATTHEW WHITE RIDLEY in the Chair.

Mr. Bartley.
Mr. Beach.
Mr. Bolitho.
Mr. Griffith-Boscawen.
Mr. Brodrick.
Viscount Cranborne.
Mr. Donald Crawford.
Mr. Cremer.
Mr. Darling.
Sir W. Hart Dyke.
Mr. A. de Tatton Egerton.
Mr. John Ellis.
Sir James Fergusson.
Mr. Fisher.
Mr. Gathorne-Hardy.
Sir Edward Harland.
Mr. Staveley Hill.
Mr. Henry Hobhouse.
Mr. Hopwood.
Mr. Jebb.
Mr. Lawrence.
Mr. James William Lowther.
Mr. MacInnes.
Mr. Lloyd Morgan.
Mr. Muntz.
Sir Charles Pearson.
Sir Francis Powell.
Mr. Bryn Roberts.
Mr. Roby.
Mr. George Russell.
Colonel Sandys.
Mr. Parker Smith.
Mr. Solicitor-General.
Mr. Talbot.
Sir Richard Temple.
Mr. Warner.
Mr. Whitmore.
Mr. Carvell Williams.

CHURCH PATRONAGE BILL.

Clause 1.—Amendment proposed in page 1, line 7, after the word "a" to leave out the word "statutory".—(Mr. *Carvell Williams*.)—Question proposed, That the word "statutory" stand part of the Clause.

Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 1, line 12, after the word "letters" to leave out from the word "and" to the word "qualification" in line 15, inclusive—(Mr. *Lloyd Morgan*).—Question put, That the words proposed to be left out stand part of the Clause.—The Committee divided:

Ayes, 23.	Noes, 10.
Mr. Griffith-Boscawen.	Mr. Bartley.
Viscount Cranborne.	Mr. Beach.
Mr. Donald Crawford.	Mr. Bolitho.
Mr. Darling.	Mr. Lloyd Morgan.
Sir W. Hart Dyke.	Mr. Bryn Roberts.
Mr. A. de Tatton Egerton.	Mr. George Russell.
Mr. John Ellis.	Colonel Sandys.
Sir James Fergusson.	Mr. Parker Smith.
Mr. Fisher.	Mr. Warner.
Sir Edward Harland.	Mr. Carvell Williams.
Mr. Staveley Hill.	
Mr. Henry Hobhouse.	
Mr. Jebb.	
Mr. Lawrence.	
Mr. James William Lowther.	
Mr. MacInnes.	
Sir Charles Pearson.	
Sir Francis Powell.	
Mr. Roby.	
Mr. Solicitor-General.	
Mr. Talbot.	
Sir Richard Temple.	
Mr. Whitmore.	

Another Amendment proposed, in page 1, line 23, at the end of the Clause, to add the words "and the Bishop shall consider such recommendation before consenting to exercise the presentation".—(Mr. *Carvell Williams*.)—Question, That those words be there added,—put and *agreed to*.

Clause

Clause, as amended, *agreed to.*

Clause 2.—Amendment proposed, in page 1, line 24 after the word "bishop" to leave out the word "is" and insert the words "and one of the assessors hereinafter named are"—(Mr. *Roby*).—Question, That the word "is" stand part of the Clause,—put and *agreed to.*

Question, That the words "and one of the assessors hereinafter named are" be there inserted,—put, and *agreed to.*

Another Amendment proposed, in page 2, line 1, to leave out from the first word "of" to the word "ritual," inclusive, and insert the words "of physical or mental infirmity, or incapacity of his evil life, of misconduct, or neglect of duty in a previous spiritual office"—(Mr. *Carvell Williams*).—Question put, That the words "of any circumstance" stand part of the Clause.—The Committee divided:

Ayes, 19.	Noes, 12.
Mr. Beach.	Mr. Cremer.
Mr. Bolitho.	Mr. Staveley Hill.
Mr. Griffith-Boscawen.	Mr. Henry Hobhouse.
Mr. Brodrick.	Mr. Hopwood.
Sir Edward Clarke.	Mr. Lawrence.
Viscount Cranborne.	Mr. Lloyd Morgan.
Sir W. Hart Dyke.	Mr. Bryn Roberts.
Mr. A. de Tatton Egerton.	Mr. George Russell.
Mr. Fisher.	Colonel Sandys.
Sir Edward Harland.	Mr. Solicitor-General.
Mr. MacInnes.	Mr. Warner.
Mr. Mount.	Mr. Carvell Williams.
Mr. Muntz.	
Sir Charles Pearson.	
Sir Francis Powell.	
Mr. Roby.	
Mr. Parker Smith.	
Mr. Talbot.	
Sir Richard Temple.	

Another Amendment proposed, in page 2, line 1, after the word "ritual" to insert the words "or of opinions or action in matters of policy in Church or State"—(Mr. *Roby*).—Question, That those words be there inserted,—put, and *agreed to.*

Another Amendment proposed, in page 2, line 2, to leave out the words "which may be represented to him by any parishioner"—(Sir *Francis Powell*).—Question, That the words proposed to be left out stand part of the Clause,—put and *negatived.*

Another Amendment made.

Another Amendment proposed, in page 2, line 3, after the word "presentee" to insert the words "and the patron"—(Mr. *Hobhouse*).—Question, That the words "and the patron" be there inserted,—put, and *agreed to.*

Another Amendment proposed, in page 2, line 3, after the last Amendment to insert the words "and to any parishioner making such representation as aforesaid"—(Mr. *Roby*).—Question proposed, That those words be there inserted.

Amendment, by leave, *withdrawn.*

Another Amendment proposed, in page 2, line 6, after the word "presentee" to insert the words "But before such refusal to institute, he shall transmit in writing to the presentee a copy of every representation upon which he proposes to take action, together with the name and address of the parishioner or parishioners who have made such representations, and he shall allow him not less than 40 days to prepare his defence"—(Colonel *Sandys*).—Question, That those words be there inserted,—put, and *negatived.*

Another Amendment proposed, in page 2, line 6, after the word "presentee" to insert the words—"For the purpose of considering any such representation and of hearing the presentee there shall be two assessors appointed to sit with the bishop, of whom one shall be the chancellor of the diocese, or, if he is unable to attend, a barrister of not less than seven years' standing, nominated by him, or in default of such nomination by the vicar-general or official of the archbishop of the province, and the other assessor shall be the archdeacon, or, if the archdeacon is unable to attend, the rural dean of the archdeaconry or rural deanery in which the benefice is situate, or in his default a canon prebendary or beneficed clergyman of the diocese nominated by the bishop"—(Mr. *Roby*).—Question proposed, That the proposed words be there inserted. Amendment proposed to the proposed Amendment, in line 4, after the word "barrister" to insert the words "or a solicitor"—(Mr. *Solicitor-General*).—Question, That the words "or a solicitor" be there inserted,—put, and *agreed to.*

Another Amendment proposed to the proposed Amendment, in line 7, after the first word "the" to leave out the first word "archdeacon" and insert the words "Chairman of the Quarter Sessions of the county in which the parish to which the presentee is appointed

or the larger part thereof is situate"—(Mr. *Bryn Roberts*.)—Question put, That the word "archdeaconry" stand part of the Amendment.—The Committee divided:

Ayes, 24.	Noes, 8.
Mr. Bartley.	Mr. Donald Crawford.
Mr. Beach.	Mr. Cremer.
Mr. Bolitho.	Mr. Hopwood.
Mr. Griffith-Boscawen.	Mr. Lloyd Morgan.
Mr. Brodrick.	Mr. Bryn Roberts.
Sir Edward Clarke.	Colonel Sandys.
Viscount Cranborne.	Mr. Warner.
Sir W. Hart Dyke.	Mr. Carvell Williams.
Mr. A. de Tatton Egerton.	
Mr. John Ellis.	
Mr. Fisher.	
Mr. Gathorne-Hardy.	
Sir Edward Harland.	
Mr. Henry Hobhouse.	
Mr. James William Lowther.	
Mr. MacInnes.	
Mr. Mount.	
Mr. Muntz.	
Sir Charles Pearson.	
Sir Francis Powell.	
Mr. Roby.	
Mr. Parker Smith.	
Mr. Solicitor-General.	
Mr. Talbot.	

Amendment, as amended, *agreed to* and inserted.

Another Amendment proposed in page 2, line 9, after the word "the" to insert the word "patron or"—(Mr. *Hobhouse*.)—Question, That the words "patron or" be there inserted,—put, and *agreed to*.

Another Amendment proposed, in page 2, line 11, after the word "appeal" to leave out from the word "in," to the word "final," in line 13 inclusive, and insert the words "In open court in the presence of a legal assessor, who shall be a barrister of not less than seven years' standing nominated by the said archbishop. And every such appeal shall be by way of rehearing, and no party thereto shall be excluded from adducing fresh evidence, whether viva voce or other, by reason of the same not having been tendered or given at the original hearing, but no fresh charge or complaint shall be made or brought against the presentee on the hearing of the said appeal, which shall be an appeal against the said refusal, and confined to the grounds stated by the bishop in the said notice so signifying his refusal as aforesaid"—(Mr. *Hobhouse*.)—Question proposed, That the words proposed to be left out stand part of the Clause.

Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 2, line 12, after the word "and," to insert the words "and if the appellant so requires it, in open court, and shall" (Mr. *Hayes Fisher*).—Question, that the words be there inserted,—put, and *agreed to*.

Another Amendment proposed, in page 2, line 13, at the end, to insert the words "Provided that on any such appeal the archbishop shall have power to require in the prescribed manner the attendance of such witnesses, and the production of such documents, evidences, and writings as may be necessary on either side; such witnesses shall give their evidence upon oath, or upon solemn affirmation where an affirmation is allowed by law instead of an oath, which oath or affirmation shall be administered in the prescribed manner"—(Mr. *Hobhouse*.)—Question, That the words be there inserted,—put, and *agreed to*.

Clause, as amended, *agreed to*.

Clause 3.—Amendment proposed, in page 2, line 29, after the word "be" to leave out the words "a layman in the commission of the peace of the county wherein the benefice is situated" and insert the words "a beneficed clergyman of the archdeaconry wherein the benefice is situate also elected as hereinafter provided"—(Mr. *Hobhouse*.)—Question put, That the words proposed to be left out stand part of the Clause.—The Committee divided:

Ayes, 14.	Noes, 14.
Mr. Bartley.	Mr. Cremer.
Mr. Beach.	Mr. John Ellis.
Mr. Griffith-Boscawen.	Mr. Henry Hobhouse.
Viscount Cranborne.	Mr. Hopwood.
Sir W. Hart Dyke.	Mr. Lawrence.
Mr. A. de Tatton Egerton.	Mr. James William Lowther.
Mr. Fisher.	Mr. MacInnes.
Mr. Gathorne-Hardy.	Mr. Lloyd Morgan.
Sir Edward Harland.	Mr. Bryn Roberts.
Mr. Mount.	Mr. Roby.
Mr. Muntz.	Colonel Sandys.
Sir Charles Pearson.	Mr. Solicitor-General.
Sir Francis Powell.	Mr. Warner.
Mr. Talbot.	Mr. Carvell Williams.

Whereupon the Chairman declared himself with the Ayes.

Another Amendment proposed, in page 2, line 32, after the word "barrister," to insert the words "or solicitor"—The (*Solicitor-General*).—Question, That the words "or solicitor" be there inserted,—put, and *agreed to.*

Clause, as amended, *agreed to.*

[Adjourned till Monday next, at Twelve o'clock.

Monday, 13th May 1895.

MEMBERS PRESENT:

SIR MATTHEW WHITE RIDLEY in the Chair.

Mr. Bartley.	Mr. Matthews.
Mr. Bolitho.	Mr. Mount.
Mr. Griffith-Boscawen.	Mr. Mulholland.
Viscount Cranborne.	Sir Francis Powell.
Mr. Cremer.	Mr. Roby.
Mr. Dodd.	Mr. George Russell.
Mr. Tatton Egerton.	Sir George Russell.
Sir James Fergusson.	Colonel Sandys.
Mr. Fisher.	Mr. Parker Smith.
Mr. Gathorne-Hardy.	Mr. Solicitor General.
Sir Edward Harland.	Mr. Talbot.
Mr. Hopwood.	Mr. Taylor.
Mr. Jebb.	Sir Richard Temple.
Mr. Lawrence.	Mr. Warner.
Mr. James William Lowther.	Mr. Whitmore.
Mr. MacInnes.	Mr. Carvell Williams.

Clause 4.—Amendment proposed, in page 2, line 36, after the word "be," to leave out the words "lawful for," and insert the words "incumbent on"—(Mr. *Carvell Williams*).—Question proposed, That the words "lawful for" stand part of the Clause.

Amendment, by leave, *withdrawn.*

Another amendment proposed, in page 2, line 37, after the word "inadequate," to insert the words "or improper"—(Mr. *Carvell Williams*).—Question proposed, That those words be there inserted.

Amendment, by leave, *withdrawn.*

Another Amendment proposed, in page 2, line 38, after the word "duties," to insert the words "as defined in Section 2 of the Pluralists Act Amendment Act, 1885—(Sir *F. Powell*). —Question proposed, That those words be there inserted.

Amendment, by leave, *withdrawn.*

Another Amendment proposed, in page 2, line 39, after the word "unable," to insert the words "through his own fault"—(Viscount *Cranborne*).—Question, That the words "through his own fault" be there inserted,—put, and *agreed to.*

Clause, as amended, *agreed to.*

Clause 5, *agreed to.*

Clause 6.—Amendment proposed, in page 3, line 19, after the figures "1838," to insert the words "so far as the same is not repealed"—(Sir *Francis Powell*).—Question proposed, That those words be there inserted.

Amendment, by leave, *withdrawn.*

Another Amendment proposed, in page 3, line 34, after the word "aggregate," to insert the word "either"—(Viscount *Cranborne*).—Question, That the word "either" be there inserted,—put, and *agreed to.*

Clause, as amended, *agreed to.*

Clause 7.—Amendment proposed, in page 4, line 12, after the word "appeal," to insert the words "in the prescribed manner"—(Viscount *Cranborne*).—Question, That those words be there inserted,—put, and *agreed to.*

Another Amendment proposed, in page 4 line 14 to leave out the words "by a curate against a revocation of his licence," and insert the words "under Section 2 of this Act" (Viscount *Cranbrook*).—Question, That the words "by a curate against a revocation of his licence" stand part of the Clause,—put, and *negatived*.

Question, That the words "under Section 2 of this Act," be there inserted.—put, and *agreed to*.

Another Amendment proposed at the end of the last Amendment to insert the words "except as hereinafter provided".—(Mr. *Dodd*).—Question, That those words be there inserted.—put, and *agreed to*.

Another Amendment proposed, at the end of the Clause, to add the words "for the purpose of this section the archbishop or the three bishops shall be assisted by an assessor being the vicar-general of the archbishop or the chancellor of one of the dioceses of the province, to be nominated by Her Majesty".—(Mr. *Roby*).—Question, That those words be there added.—put, and *agreed to*.

Clause, as amended, *agreed to*.

Clauses 8—11, *agreed to*.

Clause 12.—Amendment proposed, in page 5, line 24, to leave out the words "if he thinks fit, may" and insert the word "shall".—(Mr. *Carvell Williams*).—Question proposed, That the words "if he thinks fit, may" stand part of the Clause.—Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 5, line 25, after the second word "and" to insert the words "save as in this Act provided".—(Mr. *Griffith-Boscawen*).—Question, That those words be there inserted,—put, and *agreed to*.

Another Amendment proposed, in page 5, line 26, to leave out from the first word "the" to the figures "1871," in line 25 inclusive, and insert the words, "all the conditions under Section 5 of the Incumbents Resignation Act, 1871, authorising an incumbent to make a representation and the bishop to issue such a commission, had been fulfilled".—(Mr. *Fisher*).—Question, That those words be there inserted,—put, and *agreed to*.

Another Amendment proposed, in page 5, line 28, to leave out from the word "provided" to the end of the Clause.—(Mr. *Griffith Boscawen*).—Question, That the words proposed to be left out stand part of the Clause,—put, and *negatived*.

Another Amendment proposed, in page 5, line 30, at the end of the Clause, to add the words, "Provided also that where a benefice becomes vacant under this Act, and the patronage is vested in the bishop of the diocese, the vacancy shall be filled by the Crown and not by the bishop".—(Mr. *Carvell Williams*).—Question proposed, That those words be there added.—Amendment, by leave, *withdrawn*.

Clause, as amended, *agreed to*.

Clause 13.—Amendment proposed, in page 5, line 32, to leave out from the word "without" to the word "that" in line 33 inclusive.—(Mr. *Parker Smith*).—Question proposed, That the words proposed to be left out stand part of the Bill.—Amendment, by leave, *withdrawn*.

Question, That the Clause stand part of the Bill,—put, and *negatived*.

Clause 14.—Amendment proposed, in page 5, line 41, to leave out the word "void" and insert the word "voidable".—(Mr. *Carvell Williams*).—Question proposed, That the word "void" stand part of the Clause.—Amendment, by leave, *withdrawn*.

Question, That the Clause stand part of the Bill,—put, and *negatived*.

Clause 15, *agreed to*.

Clause 16.—Amendment proposed, in page 6, line 15, at the end of the Clause, to add the words, "2. Every rule made in pursuance of this section shall be forthwith laid before both Houses of Parliament, and if an Address be presented to Her Majesty the Queen within the next forty days thereafter on which that House has sat, praying that any of such rules may be annulled, Her Majesty in Council may annul the same".—(Mr. *Carvell Williams*).—Question proposed, That those words be there added.—Amendment, by leave, *withdrawn*.

Clause *agreed to*.

Clause 17, *postponed*.

Clause 18.—Amendment proposed, in page 6, line 20, to leave out the words "for the purposes of this Act ecclesiastical duties as defined by the Pluralities Act Amendment Act 1885" and insert the words "ecclesiastical duties" in this Act has the same meaning as in the Pluralities Acts Amendment Act 1885, except that".—(Sir *Frances Powell*).—Question proposed, That the words proposed to be left out stand part of the Clause.—Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 6, line 20, at the beginning of the Clause, to insert the words "It is hereby declared that ecclesiastical duties as defined by the Pluralities Acts Amendment Act, 1885, includes not only the Acts referred to in that definition, but also the

the due observance in other respects by a clergyman of the several promises solemnly made at his ordination"—(Mr. *Brodrick*).—Question put, That those words be there inserted.—The Committee divided:

Ayes, 14.	Noes, 8.
Mr. Griffith-Boscawen.	Mr. Cremer.
Mr. Brodrick.	Mr. A. de Tatton Egerton.
Viscount Cranborne.	Mr. Roby.
Sir James Fergusson.	Mr. George Russell.
Mr. Fisher.	Colonel Sandys.
Sir Edward Harland.	Mr. Solicitor General.
Mr. Lawrence.	Mr. Warner.
Mr. Matthews.	Mr. Carvell Williams.
Mr. Mount.	
Sir Charles Pearson.	
Sir Francis Powell.	
Sir George Russell.	
Mr. Talbot.	
Sir Richard Temple.	

Another Amendment proposed, in page 6, line 20, after the word "of," to insert the words "The Pluralities Acts Amendment Act, 1885, and"—(Mr. *Brodrick*).—Question, That those words be there inserted,—put, and *agreed to*.

Another Amendment proposed, in page 6, line 22, to leave out the word "concerning," and insert the words "in respect of"—(Viscount *Cranborne*).—Question, That the word "concerning" stand part of the Bill,—put, and *negatived*.

Question, That the words "in respect of" be there inserted,—put, and *agreed to*.

Another Amendment made.

Another Amendment proposed, in page 6, line 26, to leave out from the word "by" to the word "default," in line 26, inclusive—(Viscount *Cranborne*).—Question, That the words proposed to be left out stand part of the Clause,—put, and *negatived*.

Another Amendment proposed, in page 6, line 26, after the word "discharged," to insert the words "and the performance of which shall have been required in writing by the bishop"—(Sir *F. Powell*).—Question proposed, That those words be there inserted.—Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 6, line 26, after the word "discharged," to insert the words "but otherwise shall have the same meaning as in the first-mentioned Act"—(Sir *F. Powell*).—Question, That those words be there inserted,—put, and *agreed to*.

Clause, as amended, *agreed to*.

Clause 19.—Amendment proposed, in page 7, line 2, after the word "otherwise," to insert the words "The expression 'annual value of the benefice' shall mean 'the net annual value, exclusive of the parsonage, vicarage, or other place of residence of the incumbent, after deducting all rates, taxes, and charges assessed upon and payable out of the benefice, which charges shall include any annual payments in respect of any terminable mortgage having at the time of the inhibition more than two years to run'"—(Sir *F. Powell*).—Question, That those words be there inserted,—put, and *agreed to*.

Clause, as amended, *agreed to*.

Clause 20.—Amendment proposed, in page 7, line 23, to leave out the words "Pluralities Acts Amendment," and insert the words "Church Patronage"—(Mr. *Carvell Williams*).—Question proposed, That the words proposed to be left out stand part of the Clause.—Amendment, by leave, *withdrawn*.

Clause *agreed to*.

Postponed Clause 17, *agreed to*.

New Clause (Provision as to notice and proceedings of commissioners), brought up and read the first time:—

(1) One month at least before issuing a commission under Section twelve of this Act a copy of the representation (if any) and notice of the bishop's intention to issue a commission shall be served in the prescribed manner on the incumbent.

(2) If the incumbent shall not within twenty-one days after the sending of such notice nominate in writing to the bishop a commissioner according to the provisions of Section six of the Incumbents Resignation Act, 1871, to act with the other commissioners on such commission, such other commissioners may proceed alone.

 (3) Where

(3) Where the commissioners find that notwithstanding the incapacity of the incumbent due provision has been made for the adequate discharge of the ecclesiastical duties of the parish they shall certify that the resignation is inexpedient.

(4) In every case where a commission under this Act reports that the resignation of the incumbent is expedient, the pension that shall be allowed to him out of the revenues of the benefice shall be equal to,—

(A) When the annual value of the benefice shall not exceed one hundred pounds, to the whole annual value of such benefice.

(B) Where the annual value of the benefice shall exceed one hundred pounds, to one-third of the annual value, or to one hundred pounds, whichever sum be the greater.—(Mr. *Griffith-Boscawen*).

Clause read a second time.

Amendment proposed, in line 1, to leave out the words "one month," and insert the words "six weeks"—(Mr. *Roby*).—Question, That the words "one month" stand part of the proposed Clause,—put, and *negatived*.

Question, That the words "six weeks" be there inserted,—put, and *agreed to*.

Another Amendment proposed, in line 5, to leave out the words "twenty-one days," and insert the words "five weeks"—(Mr. *Roby*).—Question, That the words "twenty-one days" stand part of the proposed Clause,—put, and *negatived*.

Question, That the words "five weeks" be there inserted,—put, and *agreed to*.

Another Amendment made.

Another Amendment proposed, in line 14, to leave out from the words "in every case" to the end of the proposed Clause—(Sir *F. Powell*).—Question proposed, That the words proposed to be left out stand part of the proposed Clause.—Amendment, by leave, *withdrawn*.

Clause, as amended, *added*.

Ordered, To Report the Bill, as amended, to the House.

REPORT

FROM THE

STANDING COMMITTEE

ON

LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE.

ON THE

CHURCH PATRONAGE BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed,*
13 *May* 1895.

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263. *Under* 2 *oz.*

FIRST

REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS.

Ordered, by The House of Commons, *to be Printed,*
2 *May* 1895.

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243.

COMMONS.

Ordered,—[*Friday, 15th March* 1895]:—THAT a Select Committee be appointed to consider every Report made by the Board of Agriculture, certifying the expediency of any Provisional Order for the Enclosure or Regulation of a Common, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order.

THAT it be an Instruction to the Committee that they have power, in respect of each such Provisional Order, to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly with a view to such Provisional Order being remitted to the Board of Agriculture.

THAT the Committee do consist of Twelve Members, Seven to be nominated by the House, and Five by the Committee of Selection.

Committee nominated of—

Dr. Ambrose. Viscount Curzon. Sir Arthur Hayter. Mr. Seale-Hayne. Mr. Jeffreys. Sir Thomas Robinson. Mr. Taylor.	Nominated by the House. [*Friday, 15th March* 1895.]
Mr. Arch. Mr. H. L. W. Lawson. Mr. Roche. Sir Mark Stewart. Mr. Wroughton.	Added by the Committee of Selection. [*Tuesday, 19th March* 1895.]

THAT the Committee have power to send for Persons, Papers, and Records.

THAT Five be the Quorum of the Committee.

FIRST REPORT.

THE SELECT COMMITTEE appointed to consider every REPORT made by the BOARD OF AGRICULTURE, certifying the expediency of any PROVISIONAL ORDER for the ENCLOSURE or REGULATION of a COMMON, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order, and who were instructed that they have power in respect to each such Provisional Order to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Inclosure Commissioners;——HAVE considered the Report of the INCLOSURE COMMISSIONERS, certifying the expediency of a PROVISIONAL ORDER for—

THE INCLOSURE OF THE CASTOR AND AILSWORTH OPEN FIELDS AND COMMONS,

and are of opinion

That the same ought to be confirmed by PARLIAMENT without modification.

2 *May* 1895.

FIRST

REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS.

Ordered, by The House of Commons, *to be Printed,*
2 *May* 1895.

[*Price* ½ *d.*]

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SECOND

REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS.

Ordered, by The House of Commons, *to be Printed,*
7 *May* 1895.

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90, West Nile Street, Glasgow; or
HODGES, FIGGIS, & Co., Limited, 104, Grafton Street, Dublin.

252.

COMMONS.

Ordered,—[*Friday*, 15*th March* 1895]:—THAT a Select Committee be appointed to consider every Report made by the Board of Agriculture, certifying the expediency of any Provisional Order for the Enclosure or Regulation of a Common, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order.

THAT it be an Instruction to the Committee that they have power, in respect of each such Provisional Order, to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Board of Agriculture.

THAT the Committee do consist of Twelve Members, Seven to be nominated by the House, and Five by the Committee of Selection.

Committee nominated of—

Dr. Ambrose. Viscount Curzon. Sir Arthur Hayter. Mr. Seale-Hayne. Mr. Jeffreys. Sir Thomas Robinson. Mr. Taylor.	Nominated by the House. [*Friday*, 15*th March* 1895.]
Mr. Arch. Mr. H. L. W. Lawson. Mr. Roche. Sir Mark Stewart. Mr. Wroughton.	Added by the Committee of Selection. [*Tuesday*, 19*th March* 1895.]

THAT the Committee have power to send for Persons, Papers, and Records.

THAT Five be the Quorum of the Committee.

SECOND REPORT.

THE SELECT COMMITTEE appointed to consider every REPORT made by the BOARD OF AGRICULTURE, certifying the expediency of any PROVISIONAL ORDER for the ENCLOSURE or REGULATION of a COMMON, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order, and who were instructed that they have power in respect to each such Provisional Order to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Inclosure Commissioners;——HAVE considered the REPORT of the INCLOSURE COMMISSIONERS certifying the expediency of a PROVISIONAL ORDER for,—

THE INCLOSURE OF UPTON ST. LEONARD'S COMMON FIELDS,

and are of opinion,—

That the same ought to be confirmed by PARLIAMENT without modification.

7 May 1895.

SECOND REPORT FROM THE SELECT COMMITTEE ON COMMONS.

Ordered, by The House of Commons, *to be Printed,*
7 May 1895.

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THIRD

REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS.

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90, West Nile Street, Glasgow; or
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270.

COMMONS.

Ordered,—[*Friday, 15th March* 1895]:—THAT a Select Committee be appointed to consider every Report made by the Board of Agriculture, certifying the expediency of any Provisional Order for the Enclosure or Regulation of a Common, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order.

THAT it be an Instruction to the Committee that they have power, in respect of each such Provisional Order, to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Board of Agriculture.

THAT the Committee do consist of Twelve Members, Seven to be nominated by the House, and Five by the Committee of Selection.

Committee nominated of—

Dr. Ambrose. Viscount Curzon. Sir Arthur Hayter. Mr. Seale-Hayne. Mr. Jeffreys. Sir Thomas Robinson. Mr. Taylor.	Nominated by the House. [*Friday, 15th March* 1895.]
Mr. Arch. Mr. H. L. W. Lawson. Mr. Roche. Sir Mark Stewart. Mr. Wroughton.	Added by the Committee of Selection. [*Tuesday, 19th March* 1895.]

THAT the Committee have power to send for Persons, Papers, and Records.

THAT Five be the Quorum of the Committee.

THIRD REPORT.

THE SELECT COMMITTEE appointed to consider every REPORT made by the BOARD OF AGRICULTURE, certifying the expediency of any PROVISIONAL ORDER for the ENCLOSURE or REGULATION of a COMMON, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order, and who were instructed that they have power in respect to each such Provisional Order to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Inclosure Commissioners;—HAVE considered the REPORT of the INCLOSURE COMMISSIONERS, certifying the expediency of a PROVISIONAL ORDER for—

THE REGULATION OF HIGH ROAD, WELL MOOR, HALIFAX,

and are of opinion,—

That the same ought to be confirmed by PARLIAMENT without modification.

17 *May* 1895.

THIRD REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS.

Ordered, by The House of Commons, *to be Printed,*
17 *May* 1895.

[*Price* ½ *d.*]

270. *Under* 1 *oz.*

FOURTH

REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

MINUTES OF EVIDENCE.

Ordered, by The House of Commons, *to be Printed,*
17 *May* 1895.

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271.

COMMONS.

Ordered,—[*Friday, 15th March* 1895]:—THAT a Select Committee be appointed to consider every Report made by the Board of Agriculture, certifying the expediency of any Provisional Order for the Enclosure or Regulation of a Common, and presented to the House during the last or present Sessions, before a Bill be brought in for the confirmation of such Order.

THAT it be an Instruction to the Committee that they have power, in respect of each such Provisional Order, to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Board of Agriculture.

THAT the Committee do consist of Twelve Members, Seven to be nominated by the House, and Five by the Committee of Selection.

Committee nominated of—

Dr. Ambrose. Viscount Curzon. Sir Arthur Hayter. Mr. Seale-Hayne. Mr. Jeffreys. Sir Thomas Robinson. Mr. Taylor.	Nominated by the House. [*Friday, 15th March* 1895.]
Mr. Arch. Mr. H. L. W. Lawson. Mr. Roche. Sir Mark Stewart. Mr. Wroughton.	Added by the Committee of Selection. [*Tuesday, 19th March* 1895.]

THAT the Committee have power to send for Persons, Papers, and Records.

THAT Five be the Quorum of the Committee.

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FOURTH REPORT.

THE SELECT COMMITTEE appointed to consider every REPORT made by the BOARD OF AGRICULTURE, certifying the expediency of any PROVISIONAL ORDER for the ENCLOSURE or REGULATION of a COMMON, and presented to the House during the last or present Sessions before a Bill be brought in for the confirmation of such Order, and who were instructed that they have power in respect of each such Provisional Order to inquire and report to the House whether the same should be confirmed by Parliament, and if so whether with or without modification; and in the event of their being of opinion that the same should not be confirmed, except subject to modifications, to report such modifications accordingly, with a view to such Provisional Order being remitted to the Inclosure Commissioners;—HAVE considered the REPORT of the INCLOSURE COMMISSIONERS, certifying the expediency of a PROVISIONAL ORDER for—

THE REGULATION OF BEXHILL DOWN, IN THE COUNTY OF SUSSEX,

and are of opinion,—

That the same ought to be confirmed by PARLIAMENT without modification; and that they had directed him to make a Report thereof, together with the Minutes of Evidence taken before them.

17 *May* 1895.

PROCEEDINGS OF THE COMMITTEE.

Tuesday, 26th March 1895.

MEMBERS PRESENT:

Mr. H. L. W. Lawson.	Mr. Arch.
Mr. Seale-Hayne.	Sir Arthur Hayter.
Mr. Taylor.	Sir Thomas Robinson.
Mr. Wroughton.	

Sir ARTHUR HAYTER was called to the Chair.

The Committee decided to take the case of the Inclosure of the Castor and Ailsworth Open Fields and Commons, on Thursday, 2nd May, at Twelve o'clock.

[Adjourned till Tuesday, 9th April, at Three o'clock.

Tuesday, 9th April 1895.

MEMBERS PRESENT:

Sir ARTHUR HAYTER in the Chair.

Mr. Wroughton.	Mr. Seale-Hayne.
Mr. Arch.	Dr. Ambrose.
Sir Thomas Robinson.	Mr. Jeffreys.

Committee deliberated, and decided to consider the case of the Inclosure of Upton St. Leonards Common Fields, on Tuesday, 7th May, at Twelve o'clock.

[Adjourned till Thursday, 2nd May, at Twelve o'clock.

Thursday, 2nd May 1895.

MEMBERS PRESENT:

Sir ARTHUR HAYTER in the Chair.

Mr. Jeffreys.	Mr. Taylor.
Sir Thomas Robinson.	Mr. Seale-Hayne.
Dr. Ambrose.	

Special Report as to the Inclosure of the Castor and Ailsworth Open Fields and Commons was read.

In support of the Provisional Order Sir *Jacob Wilson*, Mr. *John Robert Moore*, Mr. *George Pemberton Leach*, Mr. *George Fitzwilliam*, Major *White*, Mr. *William Carter*, and Mr. *Richard Griffin*, were examined.

Motion made, and Question, "That the Provisional Order ought to be confirmed by Parliament without modification,"—put, and *agreed to*.

Ordered, To Report.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 7th May 1895.

MEMBERS PRESENT:

Sir ARTHUR HAYTER in the Chair.

Mr. Taylor.	Mr. Jeffreys.
Sir Thomas Robinson.	Mr. Seale-Hayne.
Mr. Arch.	

Special Report as to the Inclosure of Upton St. Leonards Common Fields was read.

In support of the Provisional Order, Sir *Jacob Wilson*, Mr. *John Robert Moore*, Mr. *Arthur Russell*, Mr. *C. H. Kenderdine*, Mr. *John Ponting*, and Mr. *George Eshelby* were examined.

Motion made, and Question, "That the Provisional Order ought to be confirmed by Parliament without modification,"—put.—The Committee divided:

Ayes, 4.	Noe, 1.
Mr. Taylor.	Mr. Seale-Hayne.
Sir Thomas Robinson.	
Mr. Arch.	
Mr. Jeffreys.	

Ordered, To Report.

[Adjourned till Friday, 17th May, at Twelve o'clock.

Friday, 17th May 1895.

MEMBERS PRESENT:

Sir ARTHUR HAYTER in the Chair.

Mr. Arch.	Sir Mark Stewart.
Sir Thomas Robinson.	Mr. Jeffreys.

Special Report as to the Regulation of High Road, Well Moor, Halifax, was read.

In support of the Provisional Order, Sir *Jacob Wilson*, Mr. *John Robert Moore*, Mr. *Arthur Russell*, Mr. *Keighley Walton*, and Mr. *Michael Booth* were examined.

Motion made, and Question, "That the Provisional Order ought to be confirmed by Parliament without modification,"—put, and *agreed to.*

Ordered, To Report.

Special Report as to the Regulation of Bexhill Down, in the County of Sussex, was read.

In support of the Provisional Order, Sir *Jacob Wilson*, Mr. *John Robert Moore*, Mr. *George Pemberton Leach*, Mr. *Frederick Michael Wallis*, and Mr. *Henry Elliott Currey* were examined.

Motion made, and Question, "That the Provisional Order ought to be confirmed by Parliament, without modification,"—put, and *agreed to.*

Ordered, To Report.

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Thursday, 2nd May 1895.

MEMBERS PRESENT:

Dr. Ambrose.	Mr. Jeffreys.
Sir Arthur Hayter.	Sir Thomas Robinson.
Mr. Seale-Hayne.	Mr. Taylor.

THE RIGHT HONOURABLE SIR ARTHUR D. HAYTER, BART., IN THE CHAIR.

CASTOR AND AILSWORTH OPEN FIELDS AND COMMONS.

Sir JACOB WILSON, called in; and Examined.

Chairman.

1. YOU represent the Board of Agriculture on this inquiry?—I do, with other officers also present.

2. You are the Director of the Land Division of the Board?—I am.

3. And the question before this Committee is, whether the Provisional Order for the inclosure of the Castor and Ailsworth Open Fields and Commons is to be confirmed by Parliament?—That is so.

4. Would you state to us the position of these commons?—I do not know whether you have a plan by you by which I can describe it.

5. No?—Then perhaps I had better give you this one (*producing a map and explaining it at the Committee table*).

6. Could you give us, approximately, the acreage of the commons?—The whole of the lands uninclosed at present represents 3,600 acres, as you see by the Report; "about 2,425 acres are arable fields; 815 acres, common pastures and commons, meadows; and the remainder, 370 acres, waste lands; but of these last only Oldfield Common" (that is the pale block in the middle), "and the strips connected with it or lying interspersed among the open fields, comprising together about 260 acres, are included in the Provisional Order."

7. Is it proposed to inclose the whole of this except Ailsworth Heath?—Yes, subject to certain conditions.

8. What is the purpose to which it is proposed to dedicate the commons when inclosed?—The object mainly is this: the present owners holding these lands have their property so dispersed that it is very inconvenient, and it is thought to be desirable for the public good, and for the interest of the owners as well, that they should be consolidated.

Chairman—continued.

9. Are these commons now private property?—They are private property subject to a peculiar form of common right.

10. Subject to pasturage?—Subject to pasturage at certain times.

11. And do both classes, the owners as well as the commoners, desire that they should be inclosed?—I believe that is absolutely so; so the Board understand.

12. Is there to be any compensation to the commoners for their rights of pasturage?—There is to be a re-arranging, of course, and they get all this additional convenience as an equivalent.

13. I do not understand that all rights are entirely extinguished, are they?—Certainly.

14. Who are the commoners, the inhabitants?—The inhabitants of these villages of Castor and Ailsworth.

15. Are there not farmers to whom the arable lands are let?—I am rather under the impression that they are mostly small villagers, and the homesteads are in these villages, but their land is detached.

16. How near are these commons to the villages; are they close abutting on them?—I can show it to you by the plan (*pointing it out on the plan*).

17. Mr. Leach speaks to the public meetings, I think?—Yes.

18. Is there any other particular point you wish

Chairman—continued.

to speak to us about?—No, beyond the fact that every arrangement has been made with regard to the requirements for granting the recreation grounds, and the owners have liberally granted those, and also the field gardens, out of some of the very best of the land, instead of out of the poor common. They feel it so important that should be done that they are willing to take inferior land as an equivalent.

19. Recreation grounds will be provided and gardens?—Recreation grounds and gardens for both villages separately. You will see the letters on the map. I may tell you that six acres given for recreation grounds are marked "A.," and there are six acres also at "B." for the benefit of the villages; "A." is for Castor, and "B." for Ailsworth.

20. May I ask if you know what is to become

Chairman—continued.

of the arable land?—That simply goes back to the owners by reapportionment. Mr. Leach will explain that. With regard to the field gardens the other letters will indicate that, the "C." and "D." are appropriated to Castor, and the "E." for Ailsworth.

Mr. *Jeffreys.*

21. Who is to pay for the carriage roads and footpaths set out on the estate; it is referred to in the last paragraph but the on page 4?—They will be paid for in the usual way by the owners; but Mr. Leach will tell you as to that.

22. They are laid out, subject to approval by the Board of Agriculture?—Yes, as regards widths, and so on.

Mr. JOHN ROBERT MOORE, called in; and Examined.

Chairman.

23. You are chief clerk of the Board of Agriculture?—I am.

24. Would you explain to us the initiation of this scheme; from whom does it proceed?—The application to the Board for the inclosure was made by persons representing at least one-third in value of the interests in the lands under the Act.

25. As proprietors and as commoners?—As proprietors and as commoners. And thereupon the Board, being satisfied that there was a *primâ facie* case, directed a local inquiry to be held by one of their officers; as the result of that inquiry they framed the Provisional Order which is now before the Committee, and that Order has been consented to under the Act by more than two-thirds in value of the owners and commoners, and by the lords of the manor, and the Board have now certified the expediency of that Order being confirmed by Parliament.

26. You speak of the commoners; could you explain to us who are the commoners who are affected by it?—The owners of the fields are, to a very large extent, the commoners. They are entitled among themselves to turn stock on to the open fields after they have removed their crops from their particular portions.

Dr. *Ambrose.*

27. Are they virtually the same people then?—They are mostly the same people.

Chairman.

28. And the Board of Agriculture have satisfied themselves that it is a local improvement, which will be popular in the neighbourhood with both classes, the owners and commoners?—Yes; and also with the inhabitants who are not pecuniarily interested.

29. Mr. Leach will speak, I think, as to the arrangements subsequently made?—As regards what transpired at the local inquiry he will be able to speak.

30. Will regulations be framed for keeping these recreation grounds and field-garden allotments in order?—The recreation grounds

Chairman—continued.

would, I apprehend, where there is a parish council, be now vested in that council, who would have the management of them; and the same would apply to the field-garden allotments.

Mr. *Jeffreys.*

31. Can you tell us how this is to be arranged; the Report says, "The pastures and lammas meadows are enjoyed in severalty by the owners between the 14th February and the 12th August, after which they are open for depasturing in common;" how would you arrange that when they are inclosed?—All common right will, of course, be extinguished on inclosure.

32. Even pasture right?—Yes; each man will have his own allotment to do what he pleases with.

33. All those common rights will cease?—Yes.

34. With regard to allotments, who become the landlords of the allotments?—The parish council.

35. It is made over entirely to the parish council?—Yes.

36. With regard to that question which I asked about roads, who provides and pays for making the roads?—The funds for making the roads will be provided by the owners, not the parish generally; by the persons interested in these lands to be inclosed; they will pay for it *pro rata* according to the value of their interests.

37. Supposing a road were to go through one side of the property, would the whole of the owners have to pay a rate to make it?—If it is a public road.

38. I mean these roads mentioned here, where it says, "That carriage roads, bridle paths, and footpaths be set out to the satisfaction of the Board of Agriculture"?—That applies chiefly to roads for public use. They will be paid for *pro rata* by all the persons interested in the inclosure wherever they may be situated.

39. Not by the adjoining owners?—No.

40. But the whole of the owners together?—The whole of the expenses of the proceedings would

Mr. *Jeffreys*—continued.

would be put together and paid by the owners *pro rata.*

41. Who would apportionate it?—The valuer, who would be appointed, after the Provisional Order was confirmed, by the landowners themselves, subject to the confirmation of the Board; and it would be part of his duty to see to the laying out and making of the roads and collecting the funds for the purpose.

42. And does that hold good also for the fencing of the land?—Only the fencing of the public allotments; the allotments for individual owners will be fenced at the expense of each owner.

43. Who will pay for a fence between two adjoining owners?—That the valuer will determine; he takes the amount of fencing into account in deciding how much land each owner shall have.

44. That is all matter of arrangement?—Yes, that is provided for by the Act, that it shall be properly carried out.

Mr. *Seale-Hayne.*

45. It is said here that a quarter of an acre is to be provided for each of the occupiers of the existing cottages, "and the surplus rents arising from the letting will be applicable to the hire or purchase of additional land;" what do you mean by "the surplus rents;" to whom is rent to be paid?—The rent will be paid by the occupiers to the parish council, and the parish council will be the landlord.

46. Then it is a gift to the parish council?—It is a free gift; it costs the parish, as a parish, nothing.

47. How will you determine the amount which is to be called "surplus rent"?—They will have to pay out of what they receive, the expenses of management, and any rates and taxes, and then what remains would be the surplus, which would be applicable for providing additional lands for the same purpose.

48. Do you know of any similar arrangement under other schemes?—That is a general provision of the Inclosure Acts as regards the application of surplus rent.

49. But I mean in respect of land set out for allotment?—I am afraid that I do not quite apprehend the meaning of your question.

Mr. *Seale-Hayne*—continued.

50. They are going to make a present to the parish council of so many acres of land?—Yes.

51. There will be, consequently, an annual profit?—Yes, there is sure to be, I think.

52. That depends upon the amount of rent?—Yes.

53. In the course of years that may grow indefinitely; must they invest it in other land?—They are not bound to invest it in other land unless other land is required.

54. Am I to understand that the rents derived from these allotments are applicable to any purpose that may be decided by the parish council?—No; it is strictly limited by the Act to some purposes connected with field gardens, and if they could not apply it usefully for those purposes, I suppose they would let it accumulate until either such an opportunity did arise or further legislation enabled them to use it otherwise.

55. What I wished to know was, if it was possible to find out how such a scheme as that has worked out?—In many cases within my knowledge the rents have accumulated, and the trustees have hardly known what to do with them, and, I believe, in many parishes in the country there are accumulated funds which will be, or have been, handed over to the parish councils. It is possible that in the course of time it may be necessary to alter the law to enable those funds to be applied to some other purposes.

56. It has happened within your knowledge?—You say it is within my knowledge that there are many parishes in which surplus rents have accumulated, and cannot usefuly be spent for the purposes now permitted by the law.

57. Can you give us any instances?—I cannot recollect the names of particular cases; I could find them out at the office; there certainly are several.

Chairman.

58. It requires further legislation to do that, to apply the funds to other purposes?—Yes, to apply them to other purposes would require further legislation.

59. Would Mr. Leach have information on that point as to how the application of the rents has worked out in other parishes?—No, I do not think so.

Mr. GEORGE PEMBERTON LEACH, called in; and Examined.

Chairman.

60. You are the officer of the Board of Agriculture who held the local inquiry, are you not?—Yes.

61. Will you state to the Committee what took place?—In the first instance, notices of the meetings (there were two meetings, one in the morning of one day, and another in the evening of the second day) were posted in numerous places round the parish, and advertisements of the meetings were published in the local papers. I held the meetings. The morning meeting was attended by about 28 people, mostly the professional men representing the different landowners and farmers. The evening meeting was

Chairman—continued.

very largely attended, by about 100 people, mainly comprising the labourers in the two parishes, and as the population of the two parishes is not more than 600, that was a very large attendance. In the interval between the two meetings I went over the whole of the two parishes and the commons, accompanied by a good many of the people who were interested, and especially with a view of selecting positions for the public allotments both for recreation grounds and field gardens, and to see whether it was necessary to make any other provisions for the benefit of the neighbourhood generally. At each meeting I explained generally the provisions of the

Chairman—continued.

Commons Act of 1876, especially having regard to the benefit of the neighbourhood, and that the Board of Agriculture were bound in any order they issued to see that the benefit of the neighbourhood was consulted as well as the interests of the persons directly interested in the lands which were dealt with; and I stated that I should be only too happy to hear any suggestions that might be made by any person who was present, whether he was directly interested in the commons, or whether he was merely an inhabitant in the place.

62. Were those present at both morning and evening meeting practically unanimous in their desire for the scheme?—Entirely; there was no dissent at all of any description, except, I think, that a question was raised by Mr. Fitz-William whether it would not be advisable to include Ailsworth Heath as well.

63. Which is not included?—Which is not included. That was decided by the Board before the inquiry.

64. Could you give us a general idea of the scheme. Perhaps this map (*pointing to a map*) would be of use to you?—Yes, and the agents of the Ecclesiastical Commissioners here, who are large landowners, have a map showing the different farms as they now exist; I think I may explain to the Committee that the great bulk of this land is not a common in the ordinary sense of the word at all. To anybody who went down and went over the land it would present the appearance of ordinary arable and pasture land, but it is a common within the meaning of the Inclosure Acts, because instead of each field being owned by one person the ownership is divided into strips, and probably in a field of 20 acres there might be 20 or 30 different owners, each having separate strips in the land; the land is cultivated and the crop is taken off each strip by its owner, and then when the crops are taken off all the owners of the land or their tenants have the right to turn their cattle and stock over all the land. This map (*producing a map*) is a map of the different farms of the Ecclesiastical Commissioners in that parish. Each different colour represents a farm; so that you may see from the map that the farms are scattered in the most extraordinary way; there are strips everywhere.

65. What acreage would each one be; would they be about an acre and a half?—They would vary very much. Sometimes, in similar cases, I have known a strip to be 200 yards long, and perhaps not more than 10 to 20 yards wide.

66. You called them farms; are those farms cut up in that way into those slips?—These are farms belonging to the Ecclesiastical Commissioners alone.

Mr. *Taylor.*

67. Are there a good many of those strips in a farm?—There may be 200 or 300 of them, and separated all over the parish.

68. How are those strips separated?—In some cases by grass baulks; in others by merestones. It is the remains of the old common field system which was very widely extended over a great many parts of England. In Oxfordshire

Mr. *Taylor*—continued.

especially there were a great many of these open fields; but most of them have been dealt with under the Inclosure Acts in the last 50 years.

69. Does the term "common field" imply arable or grass land?—They may be either arable or grass.

Chairman.

70. Then there are certain patches of waste interspersed, are there not?—Yes. On that map the waste is coloured green; the pink is all either arable or permanent pasture.

71. And then the white?—The white would not be dealt with; it would be either the village or old inclosure. These (*pointing to the map*) are old inclosures. The way that the common fields are dealt with is this: there are a certain number of common fields in the parish, and many different owners in each field; they are cultivated on the three course system, one-third of the whole acreage being left fallow each year, and over the land which is fallow any of the commoners have the right to send their stock during the whole year. On the fields which are under cultivation the stock can only be sent after the crops are taken off, but there is no fixed day by which the field must be cleared; consequently, if a man happens to be late, his crops may be a great deal destroyed by the stock of the other commoners. And then they have a custom there as well that when a field is grown with grass or roots a temporary fencing is put up; sometimes an owner neglects to keep his fencing up, and the stock may stray in from the adjoining fallow lands over all the roots or clover, including those belonging to his neighbours.

72. This sort of tenure is very unusual, is it not, in England?—It is now, because the absurdity of it has been seen for so many years that it has nearly all been done away with, and all the lands have been dealt with under the Inclosure Acts and inclosed.

73. Will you now explain to us what is proposed to be done, and the amount given for recreation grounds and for common fields?—First of all, for recreation grounds, I selected a piece which I considered the most suitable land I could obtain for a recreation ground for each parish, both as regards the nature of the land and its proximity to the population which would be likely to use it. Then, you will see that along the bank of the River Nene there is a sloping bank which is exceedingly pretty and picturesque, and I thought that should be left open (*pointing it out on the map and explaining it at the Committee table*). The recreation grounds used to be vested in the churchwardens and overseers of the parish as trustees to be maintained for the benefit of the inhabitants; but now I imagine they will vest in the parish council.

74. Who will pay to keep that in order?—The parish council will pay for them, and they will be able to let the herbage at a rent which will provide funds for the purpose, and also it will serve a double object; it will give them funds to spend upon the ground if necessary, and it will also give them an opportunity of letting

Chairman—continued.

letting the herbage to any poor cottagers who have not got land.

75. The parish council can make regulations?—They have absolute control of it.

76. Then, with regard to the gardens, is every commoner entitled to have a garden, or what is the arrangement made?—No, the allotments for the public gardens are entirely independent of the commoners. I ascertained how many cottages there were in each parish, and said that sufficient ground ought to be set out to provide for a garden of a quarter of an acre for each cottage in the place. That is the rule which has been acted upon by the Land Commissioners and by the Board of Agriculture for a long time: that where it is possible sufficient to provide a quarter of an acre for each cottage should be set out; and that has been done. These gardens will also be vested in the parish council, and under the Act of 1876 there is a special provision; Section 27 of the Commons Act of 1876 provides that the trustees of the allotment gardens are to let them to the labouring poor at agricultural rents, and they are to apply those rents entirely on the gardens themselves either in maintaining the fences, paying rates and improving the ground, or in the purchase of additional land for the same purpose; so that if they have a surplus in their hands at any time, and more land is required for allotment gardens, they can spend that money in the purchase of additional land for the same purpose. Under the original Act of 1845 the rents received either from recreation grounds or from allotment gardens could be applied in the discharge of the general rates of the district, but that was stopped by the Act of 1876, and it was provided that any moneys received either from recreation grounds or allotment gardens were to be expended on the grounds or gardens respectively.

77. Have you any previous experience of the working of that provision?—Not to any great extent, because after the inclosure is completed the matter goes away from the office; but on two or three occasions where an inclosure has taken place, and I have been in the neighbourhood, I have gone down to see the place, to see what has been the effect of the inclosure, and specially I have generally made inquiries as to what has been the result of the public allotments; and my experience has been that as a rule the allotments demanded by the Land Commissioners or the Board of Agriculture have been in excess of what was required by the neighbourhood. They have sometimes remained unoccupied, and sometimes they are let to farmers; but that is only in some cases. Of course the parish council are only bound by that provision of the Act which says that they are to let the land at an agricultural rent; so that they can let the land to the labouring poor at any rent which is sufficient to meet expenses. If they find that they are getting a surplus, all they have got to do is to reduce the rent.

78. And in all probability they would reduce the rent?—I should think so. The parish council would have power to construe an agricultural rent very liberally.

Chairman—continued.

79. There is no right conveyed in this Order of selling this land; the parish council must keep it?—They must keep it, but they have power under the Inclosure Acts if they should find that any land more suitable can hereafter be obtained, to exchange it with the sanction of the Board of Agriculture.

80. On the whole, then, the result of your inquiry is that it would be very much for the benefit of the two villages, and that it would be agreeable to both the commoners and the landowners that the Order should be confirmed?—I am sure that it would be of enormous advantage in every way, and that was the universal feeling in the district.

Dr. *Ambrose.*

81. Are the rights of the commoners and the owners antagonistic as at present?—No, as at present they are not unless any of the commoners exceed their rights.

82. With reference to the map you have just shown us, that variegated map, do the tenants have to pay a rent, and if so to whom?—The tenants of those farms would pay a rent to their landlords, who are the Ecclesiastical Commissioners.

83. Have they to pay rates and taxes?—I do not know. There probably will be a representative of the Ecclesiastical Commissioners here. I may say that one of the matters I inquired into was the difference in value between the old inclosed land in the parish, that is to say, land which is held in the ordinary way, and without any rights of common over it, and the commonable land. The rent of the former was about 30*s.* an acre, the landlord paying the tithe; and the rent of the commonable land from 10*s.* to 15*s.* an acre on the same terms; less than half.

Mr. *Jeffreys.*

84. When the land is inclosed, I suppose advantage will be felt in this way: the grass land is often over-stocked at the present time; did you take any evidence on that?—I did not, but it is very common.

85. That it is so overstocked as to be useless, you mean?—Yes.

86. Now with reference to these roads and fences, I see they must be made to the satisfaction of the Board of Agriculture; will the Board of Agriculture see that they are a special kind of fences; that the fence is a wire fence, or something of that kind?—No, the roads and fences are in a different position. Assuming that this Provisional Order is approved by Parliament, a meeting will be called of persons interested, by the Board of Agriculture, to appoint a valuer, who is generally a land agent, who will then divide the parish, or all these lands to be dealt with, among the persons interested; he will set out the public allotments and fence them.

87. He will fence them, you say?—He will fence them; they will be fenced and brought into proper order for their respective purposes at the expense of the inclosure. He will also prepare a scheme of roads which he considers necessary, both public and occupation roads.

88. Are you speaking of the allotments, or of the whole property?—Only the public allot-

Mr. *Jeffreys*—continued.

ments; the public allotments will be put into perfect order before they are handed over to the parish council.

Chairman.

89. By whom?—By the valuer, and at the expense of the inclosure; that is to say, at the expense of the landowners and commoners.

Mr. *Jeffreys.*

90. These fences alongside the roads and paths, do you mean?—The fences of the other allotments, the private allotments, he will direct by whom they are to be made. He, as a rule, divides as fairly as he can between all the owners the fences, and takes into account in the amount of the allotment that he will give the amount of fences which each man is to take.

91. Will he specify the fence; a wire fence, for instance?—No, he simply provides that the land is to be fenced. Then he sets out the roads, and makes the roads which he considers necessary, and which are approved by the Board of Agriculture; that is all done at the expense of the commoners and owners; and before they are handed over to the road authorities, the roads are put into perfect order.

92. That comes out of the general fund?—That comes out of the general fund. Then all these things, and the setting out of the private allotments, all form part of the expenses of the inclosure, which are levied by a rate on the persons interested; so that all these things are done at the expense of the commoners, although many of them the public get the benefit of.

93. In regard to this rating question, I see that the Great Northern Railway goes through a good bit of the land; do you levy rates upon that as one of the landowners for these improvements?—The Great Northern Railway Company, as an owner, might be entitled to an allotment in respect of their land; but I am not quite sure about the position of the company.

94. You do not know whether they are owners under these manorial rights or fee holders?—That did not come before me.

95. Would they be liable to be rated?—If they got an allotment they would be rated; if they got no allotment out of the common they would not be rated.

Chairman.

96. It appears by Section 83 of the General Inclosure Act, 1845, that the fencing must be made by the people to whom the allotments are given?—Yes, in the case of private owners the valuer would direct what fences are to be made, and order them to be made by a certain day which he would fix; and then, if the owners do not make the fences by that time, he has power to make the fences, and to charge the expenses to the person in default.

97. In this case the fences will be made by the valuer, you say?—He will order them to be made; he will direct what fences are to be made. Supposing that this paper (*pointing to a piece of paper*) represented an allotment made to a particular individual, he might say that the fence on this side and on that side were to be made by him, and the fence on this side and that side were to be made by the adjoining owner.

Mr. *Jeffreys.*

98. Usually between two properties there is a ditch; how are you going to mark these properties; are you going to cut a ditch in that way?—It is left entirely to the parties themselves afterwards.

99. There is often a very great discussion about a boundary fence?—The valuer would simply mark out the allotment showing what each man was to have; and then the nature of the fence which the owner erected, a bank and ditch, or a post and rail fence, or a wire fence, would be left to his discretion. If he made a bank and ditch he would cut the ditch on his own land.

100. Supposing that he fixed up a temporary fence, in two or three years it might need to be repaired; who is to compel him to keep that fence in good order; who is to compel him in future years?—I apprehend that he would be liable to the ordinary rules of common law, just in the same way as with regard to a fence upon an old inclosure at the present time.

101. But the law is very uncertain upon the question; I did not know whether in making a new settlement like this you could force the owner to keep up his fence?—I do not think there is a provision in the Act with reference to the maintenance of fences.

102. We could not put in such a clause, you think?—No.

Mr. *Seale-Hayne.*

103. There are three separate allotments set out for field gardens, I see; how near are they to the villages; what is the situation of them?—They are immediately adjoining. I selected those situations because they were in immediate proximity to a number of cottages.

Mr. *Jeffreys.*

104. In a settlement of this kind has it been considered whether something might be absolutely laid down as to the fences and as to the maintenance of the fences; would it be an impossibility to put in a clause of that kind?—I was not quite accurate just now in saying that it is left to the ordinary common law, because the valuer when he makes his award may direct that the fences shall be made and maintained by the particular owner; so that anybody who was injured by the fence not being maintained would be able to come into court with that express direction in the award.

Sir *Thomas Robinson.*

105. I suppose when these lands are all marked out there will be a plan?—Yes, the valuer would make his award with a plan attached to it.

106. And that would stand for all time?—Yes, that would stand for all time. It is generally executed in triplicate, one copy deposited with the Board of Agriculture, another copy deposited with the clerk of the peace for the county, and another in the parish.

107. So that it could be easily referred to?—Yes.

108. I take it that the usual public inquiry has taken place with regard to these commons and

Sir *Thomas Robinson*—continued.

and that the public generally were satisfied?—They were entirely satisfied; there was no dissentient of any description.

Chairman.

109. I ought to have asked this question: Is Lord Exeter, and are the Ecclesiastical Commissioners, satisfied with the award made to them for the amount of the supposed value of their interest?—I have no doubt that they are satisfied because they have signed their consent to the Provisional Order.

Chairman—continued.

110. Both parties?—Both parties; in fact their consent is absolutely necessary; the inclosure could not proceed without the consent of the lord of the manor.

Mr. George Fitzwilliam, called in; and Examined.

Chairman.

111. You are interested as a landowner in this scheme?—I am.

112. May I ask you whether you consider it a benefit to the inhabitants that this scheme should be carried out?—I am sure it is. I spoke to several of them, labourers and tenant farmers, before I went and consulted the Ecclesiastical Commissioners about it; and they were all agreed that it was the best thing for the parish.

113. You found no dissentient upon that point?—None whatever.

114. May I ask you as to the present condition of the land, is it in an unsatisfactory condition?—Well, it is farmed to a certain extent, but not well farmed.

115. Is there any difficulty in finding tenants for it?—Certainly; it is impossible to get anyone to come into the parishes who has not been born and bred there, because they would not know the different patches belonging to their own farms; it takes a lifetime to know that.

116. They are so scattered about, you mean?—They are so scattered about.

117. And do you think the lands would be improved in value by this arrangement?—I think so; especially if times become better, they would be more improved.

118. Is there any other point on which you wish to speak in regard to this?—I do not think so. There is only one thing; I think it is rather a pity that Ailsworth Heath is not included in the scheme. It is part of the open field, and it is a pity to leave one part out.

119. It is not much used?—No, it is not much used. It is covered with bushes; very rough land.

120. You are satisfied with all the particulars of the Order?—Yes, I think so; except that about the six acres on Oldfield Common. I may say that I do not know that it will be much use to the villagers as a recreation ground. It is three-quarters of a mile away from the village, and you never see anybody there but a shepherd.

121. What is proposed?—It is proposed to leave six acres on Oldfield Common as a sort of recreation ground, in addition to the other two recreation grounds provided. (Mr. *Leach.*) I thought it better that the valuer should be able to settle the exact position when he came to deal with the whole matter. It would be inconvenient to omit it.

Chairman—continued.

Mr. *Jeffreys.*

122. (To Mr. *Fitzwilliam.*) Is there any other piece of land closer to the village that could be used as recreation ground?—I do not doubt that we could find one.

123. Would not that be much more convenient to the people living in the village?—That is what I thought. This is very rough ground, and though they play cricket on it, it is only a few boys.

124. Is it too late to reopen that question?—I do not know; but there are two other recreation grounds, one for Ailsworth and one for Castor.

Chairman.

125. And they are close to the village?—They are close to the village.

Mr. *Jeffreys.*

126. Then why leave these six acres out; is there any necessity for that?—I do not think so. Mr. Leach seemed to think so.

127. Is there any demand for it among the villagers?—I should not think so. I have never seen anybody there except a shepherd occasionally.

Sir *Thomas Robinson.*

128. Is there any populous district near this recreation ground?—No; the nearest village is Castor itself, which is three-quarters of a mile away; a little more, perhaps. And of course there is Peterborough, which is four miles.

129. The matter was discussed at the public inquiry?—Yes.

130. And approved of?—Yes. I rather suggested that it should not be put in, but it was put in.

131. At the public inquiry this plan was approved of?—Yes. Mr. Leach suggested that Oldfield Common should be left. I think it would be a great deal more advantageous to the villagers to have the recreation ground nearer to the village. I do not think they would ever use Oldfield Common.

Major Frank Armstrong White, called in; and Examined.

Chairman.

132. You are interested in this scheme as a landowner?—Yes.

133. And is it your opinion that it would be for the benefit of the inhabitants that the scheme should be confirmed?—Very much.

134. And also for the benefit of the land?—For the benefit of the land, and also of the landlords.

135. In your knowledge is there any dissentient opinion about it?—I have never heard of any dissentient; in fact everybody has said it would be the best thing for the parish if it was confirmed.

136. The land is inconveniently scattered now, is it not?—Very inconveniently scattered. I may say that for 10 years I had a farm on my own hands, and during that 10 years I tried hard to know which were my own lands, but I never could quite master it; I have got them all on a plan.

137. Have you any view with regard to reserving the six acres on Oldfield Common, at a distance of three-quarters of a mile from the village as a recreation ground?—I think it is superfluous; I think those two recreation grounds marked on the plan near the village are sufficient for what is required. I have never seen anybody up at Oldfield playing cricket although I have been a resident there all my life, or playing other games. They may have been there sometimes to play for the want of proper

Chairman—continued.

recreation grounds which they have not at present in the village.

138. And which they will have?—They will have in future.

Mr. *Jeffreys.*

139. Have they hitherto had the six acres marked "A" upon the map for recreation ground as well as the six acres marked "B"?—They have had no recreation ground except by the will of the farmers and occupiers of land, who have allowed them to play cricket.

140. And therefore the two recreation grounds that you give would be an advantage to the village?—Yes.

141. Would it not be much better to make them an acre or two larger, and inclose Oldfield Common?—Decidedly; but I think the two as set out are large enough for the population of the place.

142. Was there no discussion of that matter at the inquiry?—No.

143. Did you all acquiesce in Oldfield Common being left?—We did not raise any objection; we did not want by any objection to stop the scheme altogether; we were so anxious to have this land inclosed that we did not want to raise any question that might stop the inclosure.

Mr. William Carter, called in; and Examined.

Chairman.

144. You are the largest tenant farmer of land on the open fields, are you not?—Yes.

145. May I ask you with reference to these lands, do you consider that they are inconvenient?—Very inconvenient; they are such small pieces that it is difficult to manage them properly, to cultivate them.

146. And it is hardly possible to do justice to the land?—Certainly not. It would be a great advantage if they were in larger pieces and inclosed.

147. Have you any experience of damage done to the crops by cattle straying on to the land?—Yes, at different times of the year when the fences are not kept up, and they are all dead fencing now.

148. Have you any doubt that this scheme, if

Chairman—continued

approved, would be a great benefit to the land?—I believe it will.

149. And it is also popular with all the inhabitants?—Yes, everyone; there is no dissentient at all.

Mr. *Jeffreys.*

150. In cultivating the land how do you take your horses and ploughs from one bit to another if there are no roads?—Drag them across.

151. Across another man's field?—Across a patch. Here (*pointing to a paper*) is a farm of 193 acres with nearly 300 separate strips.

152. Supposing a man had sown his field a little earlier than yours was sown would you take your plough across his field?—Yes, you are obliged to.

Mr. Richard Griffin, called in; and Examined.

Chairman.

153. You are a labourer residing in the neighbourhood of Ailsworth?—Yes.

154. Are you a commoner?—No.

155. Are you of opinion that this scheme will be a good one for the inhabitants of Ailsworth?—Yes, I think it will be a great advantage to them in working the land.

156. And in your experience the land is very

Chairman—continued.

inconveniently situated for working now?—Yes.

157. And in that respect this scheme would produce an improvement?—Yes.

158. Have you anything to say about the recreation ground?—No, I have nothing to say about that. I leave that to others who understand it better.

159. How

Dr. *Ambrose.*

159. How do you distinguish yourself from a commoner; you say you are not a commoner; what do you mean by that?—There are some common-right holders.

160. What do you consider your interest in it at all?—Common rights belong to different houses, and those that have common rights can send their stock into the fields.

Mr. *Jeffreys.*

161. If you lived in a house with common rights attached you would have them; that is what you mean?—Yes; I do not live in a house with common rights.

162. The common rights are attached to the houses, and not to the individuals?—Yes, to the houses.

Mr. *Jeffreys*—continued.

Dr. *Ambrose.*

163. Will this scheme benefit your fellow labourers?—I believe it will.

Mr. *Jeffreys.*

164. Have you ever seen anybody using Oldfield Common as a recreation ground, playing cricket?—They do, I believe, use ground at Castor now; at Ailsworth it is a very inconvenient bit of ground to play on, and my master has let them play on his field.

165. They would like a piece near the village, I suppose?—Yes.

Mr. GEORGE PEMBERTON LEACH; re-called, and further Examined.

Chairman.

166. THE Committee wish to know what is the object of reserving six acres of this Oldfield Common, it being three-quarters of a mile from the village?—My feeling was this: I felt that we were dealing with a very large quantity of land, and that there was this common, which is a common in the real sense of the word, and practically I was afraid that if some part of Oldfield Common was not reserved the scheme might meet with opposition at the hands of this Committee.

167. But the inhabitants of Ailsworth and Castor have not had any recreation ground up till now?—No.

168. And they will have six acres apiece for their new recreation ground?—Yes.

169. Is it not almost certain that they will use those to the exclusion of the recreation ground, which is three-quarters of a mile off?—That is the case, certainly, but I thought that an open space on Oldfield Common, with a grass approach to it from both villages, would make rather a pleasant walk, a place of enjoyment on summer evenings, and that sort of thing.

170. Do you consider that it is essential to the scheme?—By no means; but I would point out that there would be a difficulty about any alteration in the scheme now; that it would mean practically the issuing of a fresh Provisional Order, which would have to go and be signed afresh in the neighbourhood by the persons interested, and that might delay the passing of the Bill this year. And I might also point out that if the Board of Agriculture had representations made to them that the ground set out on Oldfield Common is not convenient, they could exchange it or authorise the exchange for other land close to the village; and I understand that that would meet the wishes of Mr. Fitzwilliam.

171. No objections were raised at the time of the inquiry; or were there any raised?—No, none.

Mr. *Jeffreys.*

172. I suppose that practically the six acres would be useless except for gipsies to settle on?—It would be vested in the parish council, so that they would keep the gipsies off.

Mr. *Jeffreys*—continued.

173. It would not be any use to anybody?—If you ask my opinion, it would not be used practically to any great extent.

174. But it is too late, I understand, to alter it now?—If the Committee express any opinion now to the Board of Agriculture, they would at once act upon it and exchange that land for other land nearer to the village.

Chairman.

175. But anyhow that power of exchange is reserved to the parish council?—Yes.

Mr. *Jeffreys.*

176. They might not be able to exchange it after the land has been allotted, might they?—But it might be done in the inclosure proceedings before the valuer makes his division of the land.

177. After the division has been made they might not have the opportunity; they would not be able to get an exchange after the allotment was made?—I understand that there would be no difficulty about an exchange; both Mr. Fitzwilliam and the Ecclesiastical Commissioners express their willingness to make the exchange at the present time.

Mr. *Seale-Hayne.*

178. Is it desirable, seeing the possibility of the population increasing, to reserve this land in question?—I do not think it is a place where the population is likely to increase; it has decreased for some time.

The Committee room was cleared. After a short time the Parties were again called in.

Chairman.] The Committee are unanimously of opinion that the Provisional Order, with reference to Castor and Ailsworth Open Fields and Commons, be confirmed.

Tuesday, 7th May 1895.

MEMBERS PRESENT:

Mr. Arch.	Mr. Jeffreys.
Mr. Seale-Hayne.	Sir Thomas Robinson.
Sir Arthur Hayter.	Mr. Taylor.

THE RIGHT HONOURABLE SIR ARTHUR D. HAYTER, BART., IN THE CHAIR.

UPTON ST. LEONARDS COMMON FIELDS.

Sir JACOB WILSON, called in; and Examined.

Chairman.

179. YOU are the Director of the Land Division of the Board of Agriculture?—I am.

180. And the question we have to decide is, is it not, whether the Provisional Order for the inclosure of the Upton St. Leonards Common Fields shall be approved by Parliament?—Yes.

181. Do you put in any map of the fields to be inclosed?—I can put in a map of the blocks. For your convenience I can hand you this (*handing a map to the Chairman*).

182. Will Mr. Russell explain this?—Yes; but I may state that the land is near Gloucester, and that it contains 534 acres. This map gives the divisions of the present properties (*handing it in*). Of the 534 acres, 520 acres are arable and only 14 pasture; it is contained in 14 different blocks, really.

183. Is it proposed to inclose the whole of them?—Yes.

184. At present, the right of common is subject to a certain right of pasturing after the crops are off?—Yes. None of it is "common" according to the ordinary acceptation of the term, but the property rests in having the crops, and you can only have the common rights applied after harvest.

185. And the ground is split up in the same way as the last common that we had before us?—Yes, into 1,100 strips, averaging about half an acre each, and in the possession of 80 owners, varying from a quarter of an acre to three acres each.

186. Then, obviously, there is the greatest possible difficulty in cultivating the land?—Yes.

187. And great inconvenience is caused to the holders?—Clearly.

188. May I ask what villages they are near?

Chairman—continued.

—Upton is the principal village, and the other is a suburb of Gloucester.

189. And it is proposed to divide some of this into garden allotment, is it not, with a recreation ground?—Yes; no part of the land being waste of a manor, or subject to rights of common at all times of the year, but only after harvest, the setting out of allotments for field gardens and recreation grounds could not, in strictness, be insisted upon under the Inclosure Acts; but the owners have, very generously I think, agreed to apportion 15 acres for the purposes of field gardens, which are marked in the map A., B., C., and D. Three acres are given to A., three acres to B., three acres to C., and six acres to D.

190. All for field gardens?—All for field gardens.

191. Is the block marked green for a recreation ground?—I must explain that that portion did not originally come within the powers of inclosure, but it was agreed by the owner to have it included, and for which he got an equivalent from the other portion; and that enabled our Assistant Commissioner to apportion as a recreation ground six acres which had hitherto been held for a similar purpose.

192. No other rights will be affected except those of the commoners?—No.

193. Has the usual local inquiry been held by the Assistant Commissioner?—It has; everything has been complied with.

194. And the unanimous feeling in the neighbourhood is that the scheme would be a great benefit?—I will not use the words "quite unanimous," but I think now very likely it is practically so. The only feeling against it, as Mr. Russell will explain to you, so far as it has come to the knowledge of the Board, was on the part of some few small owners, who thought that by taking 15 acres away for the purpose of garden ground they were diminishing the quantity which would be apportioned. But I may go on

Chairman—continued.

on to say that upon receipt of this report the Board came to the conclusion that the recreation ground, as set out there, would not, perhaps, conveniently serve the whole of the parish, which is a very straggling one; and we therefore came to the conclusion that, if it were possible, the large population pushing itself out from Gloucester should be given a recreation ground somewhere near this part (*pointing to the map*). In the face of the objection which I have mentioned to the Committee on the part of a few owners, one or two owners have very liberally come to the rescue, and on condition that this inclosure is carried out, are prepared to make a free gift of some very suitable grass land there (*pointing to the map*).

195. Of what amount?—Six acres; and, therefore, that does not interfere at all with the quantity to be divided among the rest.

196. And that will be accessible to this side (*pointing to the map*)?—Yes; the Board thought it necessary to point out that, although there are two commons in the parish, still they do not seem to the Board of any practical use for recreation. There are two small commons in the parish called Sneedham Green, 11 acres, and Cut Hill, 18 acres, which are not suitable for the purpose.

Sir *Thomas Robinson.*

197. It is on the Gloucester side that the population is increasing?—Yes, but the commons to which I refer are not on the Gloucester side.

198. They are included in your scheme?—No, they are not.

199. They are still left open?—They are still left open.

Mr. *Arch.*

200. Then, I understand from you that this land is cultivated in such an awkward fashion that it is really more bother to cultivate it than benefit?—Yes.

201. I have seen the same in Cambridgeshire; but I understand that you want to inclose this common land, so that those who have the right to cultivate the land shall have all their plot in one piece?—Consolidated; that is so.

202. You think that 15 acres will be a sufficient amount for field gardens?—From our information, but I think it will be for the convenience of the Committee if I refer them, on this matter, to Mr. Russell, who inspected the plots.

203. Unless this Committee decide to allow these working men to have as much as they can comfortably manage, if they were to cut them down to a very small portion, there would be great dissatisfaction?—I think the inspector would be able to show you that there is already a certain portion, nine acres, of charity land there, under the provisions of the trust, let in allotments; but this is not very readily taken up, as it is at present, and the cottages, as a rule, have about an eighth of an acre of garden already.

Mr. *Seale-Hayne.*

204. In your report here I see these words: "Some of the smaller owners did not appear favourable to the inclosure; not, however, because they had any objection to the open fields being divided into convenient holdings, but because they were afraid that their holdings might be seriously diminished by the provision for recreation grounds and field gardens." What steps have been taken to meet that?—If you will allow me to refer you to the inspector who carried out the work, he will explain it.

Mr. John Robert Moore, called in; and Examined.

Chairman.

205. You are the Chief Clerk of the Board of Agriculture?—I am.

206. Will you explain to the Committee the initiation of this scheme?—The application, after notice published in the newspapers according to the Act, was made to the Board of Agriculture, by a certain proportion of the owners in the lands in the fields, for a Provisional Order for the inclosure. The Board were satisfied that a *primâ facie* case was made out, and ordered a local inquiry to be held by one of their officers. As the result of that inquiry they were further satisfied that the inclosure was expedient, and they framed the Provisional Order which is now before the Committee, and which has been consented to by the owners, and now comes for approval.

207. Was it also approved by the commoners?—Quite so; the commoners are the owners of the lands in the fields; they are not a separate body.

208. They have the right of tilling the arable land, and then of putting their cattle on to pasture?—Yes, that is so.

Chairman—continued.

209. And they are the people who will receive these half-acres of field garden?—The field garden allotments will be dealt with by the parish council quite irrespective of the holders of the ordinary allotments; each person who has a legal interest in these fields will get his allotment, which will be absolutely his own.

210. That is what I meant?—And then the cottagers will be able to apply to the parish council to hire allotments out of the 15 acres.

211. And from the inquiries that the Board have held the scheme appears to be popular with all classes in the district?—It appears to be so.

Mr. *Jeffreys.*

212. Are the common rights attached to the houses of the various cottagers, or do they belong to the inhabitants?—The common rights belong to the owners of the strips in the fields.

213. And is it a difficult thing to get people to farm the strips in the fields in consequence of the inconvenience now caused?—I should think it is; but the local witnesses will be able to explain that.

Mr. *Arch.*

214. You say that 15 acres for field gardens will be handed over to the parish council?—That will be vested in the parish council.

215. Will that be sufficient, because by the Act the parish council can claim an acre per man?—I do not know that they can claim it out of this comparatively small portion. These 15 acres will go to the parish council as a gift.

216. Are there more than 15 working men who might apply for allotments?—I do not know that that has been made a subject of special inquiry.

217. If you have 15 acres of this common land, and it is not more than half enough to supply the wants of the people, what are you going to do?—It is to be understood that out of these 534 acres, strictly speaking, according to the Inclosure Acts, no part could be insisted upon by way of allotments, but the owners are willing that 15 acres shall be given; that will go as a free gift to the parish council; it will cost them nothing. It is not proposed to supply every want of the parish out of these 534 acres.

Sir *Thomas Robinson.*

218. I take it that there will be no right to claim the six acres for the recreation ground?—That stands in the same position. The owners are willing that six acres for recreation shall be given.

219. And you are of opinion that the people generally are in favour of this scheme?—From the communications we have had at the Board's office that seems to be the case.

220. And while you do not profess that 15 acres is enough for allotments—— ?—We do not say whether it is enough or not.

221. It does not prevent their acquiring as much as they think necessary?—It does not interfere with any powers the council have of acquiring land.

222. I suppose at the meetings that was explained?—The next witness who held the meetings, will be able to give information on that point.

Mr. *Seale-Hayne.*

223. You were not present?—No.

224. Can you say whether there were any communications made to the parish council asking them whether they wished to have an opportunity of taking more land?—A definite notice of this Provisional Order, and of what was proposed to be done, has been given to the parish council.

225. But no offer has been made to the parish council of land in the event of their requiring any more?—Not that I am aware of.

226. Because, you see, this inclosure having once taken place, all this land would pass into the hands of private owners, and it would be more difficult and more costly for the parish council to obtain lands for allotments then, than it is at the present moment?—Yes. On the other hand, at the present moment, under the Inclosure Acts, they could not insist on a single acre.

227. They could purchase?—They could purchase, but if they purchased now they would take the land subject to the common rights.

228. Not if an arrangement was made under the scheme itself by which they would have a portion of the land supplied to them?—I do not see that that would be feasible. It would be rather hard upon the owners of the land in the fields, who have so liberally consented to give up the 21 acres, to require them to make further concession.

229. It would be no further concession if the parish council were prepared to pay them a reasonable price?—But then the owners will be able to sell afterwards to the parish council.

230. But this would be a favourable opportunity, assuming that the parish council wants more land for allotments, for the parish council to obtain it; much more so than when the land is divided up and in the hands of separate owners, which probably would make it of considerably more value than it is now?—It is possible.

Mr. ARTHUR RUSSELL, called in; and Examined.

Chairman.

231. YOU are the officer of the Board of Agriculture who held the local inquiry?—That is so.

232. Will you kindly explain to the Committee what took place?—I held two public meetings there on separate days, one in the morning and one in the evening, the usual course followed, I believe, and between the two meetings, that is on one day, I went over and inspected these common fields and the village generally, and discussed with those interested in the scheme the most suitable places for recreation grounds and allotments; and then at the evening meeting I stated the conclusions that I had arrived at, as to what I would suggest to the Board ought to be done. As to the way in which the meetings were attended, I should think there were 40 or 50 people at the morning meeting, and quite 100 at the evening meeting.

Chairman—continued.

I had the names and addresses and occupations furnished to me of the different people, and they represented all classes in the neighbourhood, the labourers and the villagers, and the owners, and also people from Gloucester; the Gloucester town authorities were represented.

233. Were both meetings tolerably unanimous on the subject of the inclosure?—They were, except in this regard, which I should like to explain. I do not think it seems exactly appreciated that this is a scheme in which there are 80 owners interested, 40 of whom I should think do not own more than about three acres; and when they were given to understand that under this scheme of providing a recreation ground and allotment gardens they would have to give up a proportional amount of their ownership, they naturally objected. A man who owned only three acres naturally objected to giving

Chairman—continued.

giving up anything; he considered it small enough as it was; and some few of the smaller owners, not very many, did not seem very anxious to concur in the application for inclosure to the Board on the ground of this reduction of their present ownership. But I pointed out to them that they could raise their objection at a subsequent time when they saw exactly what the Board would stipulate for in the matter of allotments. There was no actual dissent, except on that ground. One resident gentleman did object because he thought that under the present state of things there were more opportunities for the labourers to get small allotments for gardens. He was not able to come to the evening meeting, but he sent his daughter, a lady who, when she heard this scheme that I was going to suggest to the Board, expressed herself quite satisfied. Beyond those two points there were no objections.

234. How is the objection of the man met who has only three acres?—I calculated in this way: there are 534 acres, you see, to be enclosed, and 15 acres are to be given up for gardens, and six acres for recreation ground; that is 21 acres off altogether. The proportion per acre that that would give would be that each man would lose about 1-25th per acre; so that the man who owns a smaller farm, a little bit of three acres, would lose about six perches per acre. But, of course, I should point out that as against that, each of these farms being consolidated into one farm, it will be of course more valuable, and therefore very probably the amount of reduction in the size of the farm will be compensated for by the increased value. The difference between the rents of the old inclosed land and of this land, at present, is that one is about double the other. They vary from 30*s.* to 40*s.* for the old inclosed land, and 15*s.* to 30*s.* for the land as it is under the present condition.

235. Then that difference will represent the advantage which everybody will receive in higher rent?—I should imagine so; but that would only be my opinion; that is the fact, however, that the difference between the two rents was stated to me to be that which I have just named.

236. In the land in the neighbourhood?—In the land in the neighbourhood; I mean that was a point that I put to both those meetings, and those were the answers I got, and nobody dissented from them.

237. Of course, in going over it, it was obvious to you that the present condition of things is extremely bad for agricultural operations?—Yes, it almost speaks for itself. It is very like the case you had last week; a man may have his farm spread over six or seven fields in different parts of the parish, a strip here and a strip there; one field may be in 10 or 12 different ownerships, even more, 20 or 30.

238. Then with regard to the recreation ground, I suppose you satisfied yourself that six acres was about sufficient for the population who would require it for a recreation ground?—I thought so, certainly.

239. And they thought so?—They thought so. I stated at the evening meeting, after I had gone over the ground, what I was prepared to suggest to the Board, and the only dissent from

Chairman—continued.

that was from those who would have to give up something.

240. And for the neighbourhood generally, is it very conveniently situated?—It is; the village is practically divided into two parts, and there is one recreation ground which my Board has stipulated for in the village end; and the other, which is a gift from certain owners, is up at the other end, that is the end nearest Gloucester.

241. That is beyond the six acres?—Yes; that would make 12 acres altogether that is a gift. It really is all gift, because the Board have no right under the Inclosure Act to call upon any of these owners to give up anything.

242. Then these recreation grounds will be vested in the county council?—They will, under the Act.

243. Who will have to make bye-laws for them, and to keep them in repair?—That is so.

244. In regard to the field gardens of 15 acres, how did you arrive at the amount you should reserve for that?—Taking the cottagers who follow agricultural pursuits in this village, out of their total of about 300 cottages, I think there were about 150 cottages at the Gloucester end of the village, and 150 at what I call the village end; but nearly all the Gloucester cottagers are 8*l.* to 10*l.* cottages, and they are chiefly occupied by artizans and clerks who go into Gloucester to do their business. In the village end, about 100 out of the 150 cottagers are of the same character, and only about 50 of them really follow agricultural pursuits at all. These have already a small garden, and I came to the conclusion that, having regard to the number to be provided for, and to the fact that so many small owners would have to give up some of their land, that would be a sufficient amount.

245. Did they appear to think that it would be enough?—The persons for whom it was being provided expressed no opinion one way or the other; they attended the meetings. The only people who expressed any opinions in the matter were those who had to give up something, and they thought it a great deal too much; that is only natural.

246. From your experience, is half an acre per cottage the right figure to take?—I must admit that my experience in that regard has not been very great, but I understand that it has been the policy pursued by the Board, to allow a quarter of an acre per cottage when calculating what they should stipulate for. It should b borne in mind that in this case, while you are providing for the small cottages of the labouring poor, you are doing it at the expense of small men. About 40 of these owners are small men, and they will have to give up some of their land for the purpose of these gardens and this recreation ground.

247. What is the population of this village?—About 1,400 or 1,500.

248. It includes all those who would farm the land?—Yes.

Mr. *Jeffreys.*

249. What do all the small owners do with their land; these 80 owners, do they all farm it themselves?—They all farm it themselves.

Mr. *Jeffreys*—continued.

250. They do not sublet it?—No, not the small ones.

251. And you say that sometimes they have two or three of these small pieces farmed together?—Yes.

252. They are the owners?—Yes.

253. Then why do these small owners object to giving the allotment ground?—Because they will lose a proportional amount of their own land.

254. Of course, they know that at the present time, neither under the Inclosure Act nor under the Parish Councils Act, could they be compelled to give any land?—I could not say whether they know it or not.

255. I suppose there is no doubt that they understand that it is given a free gift, as it were, to the parish, if they get any allotment ground?—I do not know whether they do understand the state of the law about it.

256. However, did they most of them agree to giving up the land?—Certainly there were very few dissents, really; one or two did dissent on the ground that they might not get as good land under the enclosure scheme as they have at present, and they preferred to leave things as they were.

Chairman.

257. This free gift of the recreation ground, six acres is given in order to prevent any further diminution of their share?—So I understand; that was done by the Board of Agriculture after I had made my report, and the officers of the Board of Agriculture would know the details of that.

Mr. *Arch.*

258. You say that these 40 owners, with only three acres, some of them, own that land themselves?—I understand most of them, the small ones.

259. Who will compensate them if you take it from them?—Nobody will compensate them; they lose it for the benefit of inclosing their land and consolidating it under the sanction of the Board of Agriculture.

260. But why not allow these men to have their three acres in a block and portion them out, not have these strips here and there, and a man have an acre of land in half-a-dozen places; why cannot they be so portioned out; of those 500 acres, are only 15 to be allowed to the working men; it does seem to me, monstrous?—I do not follow your question.

261. You say that there are 40 men who have got three acres of land, their own: now I want to know if the Board of Agriculture is going to take it from them, or Parliament; who is going to pay these men for their three acres of land?—May I explain? I do not know whether you exactly appreciate that this is a very old system of land tenure in England. Supposing there are six owners, owning six fields, each owner would own a sixth part of each field, and the object of the Board of Agriculture is merely to consolidate the different interests of one-sixth that each man would have in each field, so that he should have it all together; but as part of the condition of giving their sanction to that scheme, the

Mr. *Arch*—continued.

Board of Agriculture stipulate in making this inclosure that each owner shall give up, the big man with the little man, a *pro ratâ* amount, which they stipulate is to be given up for gardens and allotments for the benefit of the labouring poor.

262. But you have not answered my question. I want to know, if these 40 men own three acres of land; or let me put it in this way: suppose I own three acres there, do you think I should like the Board of Agriculture to come and take my three acres off me and give me nothing for it?—I do not know; but supposing you have your three acres separated in strips half a mile apart, and you, a small man, have to take your various agricultural implements from one little strip to the other, and you apply to the Board to draw up a scheme whereby you may consolidate the different strips; though you might lose some of your three acres, your land would be very much more valuable altogether, and you would be compensated thereby.

263. But will these men still retain the three acres?—They will retain three acres minus the *pro ratâ* amount.

264. They will have their land then, but they will not have it a piece here and a piece there?—No; the whole object of the scheme is to bring each man's interest together.

265. What rent will they have to pay?—Most of these small men are owners, but a gentleman here, an estate agent, will be able to give you particulars. I understood that most of these small men who have three acres were the actual owners.

266. Then I understood the scheme of the Board of Agriculture was this: that these men who have the three acres of land together, will have the three acres less the 27 perches?—Less the proportional amount which is being given up for the benefit of the labouring poor; really, it is to go to field gardens and recreation grounds.

267. They will have these allotments then all in one lot, three acres here and there, and so on?—That is so; there are rich men and poor men alike concerned in this; there are big and small landowners who have the misfortune to have their farms cut up into these wretched little strips. Might I ask you to look at this plan? These different colours are all different owners; supposing this is one field here; all these different coloured strips belong to different owners. Take the colour blue; there is a bit; another man intervenes here; then another bit of blue, then another colour intervenes, then another bit of blue.

268. I quite understand this, because I have seen it in several counties, and I call it a very foolish plan. What I want to know is this (I think you have given me a very satisfactory answer): with regard to these men who hold three acres of land, when this land comes to be inclosed, they would still continue to be their three acres, less the 27 perches?—I calculate about six perches per acre.

Mr. *Seale-Hayne.*

269. Did the Board of Agriculture take any steps to ascertain whether the allotment ground is sufficient for the wants of the people?—I do not

Mr. *Seale-Hayne*—continued.

not know what the Board of Agriculture have done.

270. You are an officer of the Board?—Only in the sense that I am sent down to hold an inquiry.

271. When you held the inquiry, did you see anybody who represented the parish council?—No; it was about Easter last year that I was there; there was no parish council.

272. The parish council has been made since?—Yes, but I was told by Mr. Kenderdine that he himself has notified both the parish and the district council of this scheme, and of the amount proposed to be given for field gardens, and the recreation ground, and that he has received no dissents from them. I should point out that even supposing the Board considered that it was not sufficient for the parish, this is not a case in which they could do more than they have done. This is a question of making terms; it is not a case when they are entitled to take anything from these men.

273. But is it not a case in which the parish council might very well take the opportunity of purchasing or entering into an agreement to provide the allotment ground necessary for the purpose; now they could purchase it at a cheap rate, and a few years hence they would have to pay a great deal more, and if the parish council were desirous to buy, now is the time, is it not?—I think not, because they would never be able to buy anything except little strips.

Chairman.

274. There are other parts of the parish where they could get land for their purpose?—It would be open to the parish council to negotiate with these owners either before or after the scheme, and purchase from them; they would be in the same position as anybody else. Take a field like the one I was pointing out to Mr. Arch; they would have 10 or 15 or 20 owners to deal with before they would be able to buy even that one field.

Chairman—continued.

Mr. *Seale-Hayne.*

275. But you are going to cure that evil, and in part of your scheme it would be easy to comprehend a scheme of allowing the parish council to provide the allotments necessary, or which may hereafter be necessary?—The Board of Agriculture have no jurisdiction to interfere with them in that matter.

Chairman.

276. Have you any means of ascertaining whether the complaints that were made at first were mitigated by the gift of this six acres of recreation ground?—I have no personal knowledge.

277. Would anybody know it?—The Board of Agriculture would know, because, since my report, they have been in constant correspondence with the people there and those interested. Mr. Kenderdine, the agent for one of the persons chiefly interested, would be able to tell you about that, because it is from his people that this gift has come. I am asked to state—I do not know whether it is quite appreciated—that these fields are subject to common rights of pasture after harvest among the different owners, and that is an evil which of course it is desired to get rid of in their interests under this scheme. I did not know whether that was quite present to the mind of the Committee.

Mr. C. H. KENDERDINE, called in; and Examined.

Chairman.

278. You are one of the larger owners in the common fields?—I am the agent for one of the larger owners.

279. And you speak on behalf of them?—Yes, I speak on behalf of them.

280. Are they satisfied with the scheme, and do they think it will be an improvement to their property?—I think they are. They are fully aware of the fact at the present time that they are not able to farm the land to any advantage at all. Their land is cut up into these very small strips, as you have already heard, and there is a great amount of trespass done by the common fields being open, and damage is done by the hauling off of the crops. There is no proper means of access to the strips, and the crops are sometimes hauled off through standing corn in order to get to the roadways, and altogether agriculture cannot be carried on at all and a great deal of the land is going out of cultivation. In fact, one of the fields has entirely gone to waste because no one will cultivate it; that is Moorend Field.

281. There are upwards of 1,000 small plots of these small plots that the common fields are held in?—Upwards of 1,000 small plots.

Chairman—continued.

282. And manure, for instance, has to be carted off over various owners' plots?—Manure is carted, and not always in the finest weather; it is carted in any weather and does great damage to the adjoining lands, and these strips in a great number of cases are so very small that even by the turning of the ploughs the horses do damage to adjoining strips if there are any crops. It is quite impossible for such crops as cabbages, peas, and beans to be grown to advantage even by the small owners, because the cattle are turned out there at certain times of the year, and, of course, destroy them; so that the smaller owner is at a very great disadvantage; he has to be very careful what he puts his land to; he is quite unable to put it to cabbages or peas or beans without risk of loss.

283. No fences are possible now?—Fences would be dealt with as encroachments, I take it.

284. Then, in the case of a man having two plots of land some distance apart, he has to transfer all his implements from one to the other?—Yes; there is great loss of time in that, and in many instances the plots are very far distant from the homesteads, both of the small and of the larger owners.

Chairman—continued.

285. And unless all the crops are taken off at the same time the cattle may injure the standing crops by being turned on?—Yes; at present it means that the land must be laid down to corn. Of course, corn growing for profit is an utterly impossible proceeding, especially in some of these common fields which are so liable to trespass, &c.

286. Of course the larger owners are all aware that they lose a certain proportion *pro ratâ* in order to provide field gardens?—That is so.

287. And that they do not object to?—I have heard no complaint whatever from the larger owners, and very few complaints from the smaller owners, made at the meetings which have been held.

288. The advantages, so far, overbalance the disadvantages?—Certainly; even in the case of the smaller owners; it is a great advantage to the smaller owners that these fields should be inclosed.

289. Are you cognisant of the amount given; the six acres given for recreation ground?—The six acres is to be given by Mr. Marsham-Townshend, one of the larger owners at the Saintbridge end.

290. He did it in order to prevent any more being taken from the smaller owners?—That is so, because there was a feeling among the smaller owners; and the only reason they at all dissented from this scheme was that they would have some of their land taken away for the purpose of inclosure.

291. Now the objection on that ground is much diminished, as it is known that some of it would be taken for recreation ground?—That feeling was represented at the last meeting I attended, and every man present, except one man, signed the scheme in favour of inclosure.

292. That was the evening meeting, was it?—That was the meeting held about six weeks ago, subsequent to the gift. As a question has been asked about the quantity of allotments being sufficient for the parish, I may say that the allotments that there are at present are not taken up, and there is a great feeling that even with 15 acres more being provided there will be great difficulty in disposing of them. There is a great feeling in the parish that they will not be taken up.

293. There are already allotments?—There are already allotments, allotments called Lady Downe's Charity, I think it is.

294. You think 15 acres is as much as can be reasonably insisted upon now?—I think it is more than will be taken up by the labouring poor.

Mr. *Jeffreys*.

295. Is it the fact that the present small owners have the right of carting over other pieces of land?—There are no proper means of access, and it is generally felt that if a man wishes to be spiteful he can go where he pleases on the common field.

296. Even after a man has sown his land, might his neighbour cart over it?—One of the witnesses to be called will speak to that; that has been done many times.

297. It is a wonderful thing that there are any occupiers at all under those circumstances?—Not only that, but manure is carted in wet weather. There are no proper means of access to these strips.

Mr. *Jeffreys*—continued.

Mr. *Arch*.

298. Who carried on the correspondence between the inhabitants of this place and the Board of Agriculture?—I have acted, in a great measure, between the owners, both large and small, and the Board of Agriculture.

299. And when these meetings were called, you say you held a meeting six weeks ago, did you submit all that correspondence that passed between you and the Board of Agriculture to the meeting?—Yes, that was done. I had the Board of Agriculture letters at that meeting, and the letters of any importance were read to the owners present, both large and small, and I was there to answer any questions that they wished to ask upon those letters, and they were satisfied.

300. Were they satisfied?—With the exception of one man they all signed the scheme.

301. Now, I find in this report that there are 1,666 inhabitants; do you think a meeting attended by 40 persons is a thoroughly representative meeting of the feelings of the whole parish?—I think there were 100 present at one meeting.

302. But then there were 966 left out?—Of course, it is practically the owners that are chiefly interested in this common field. It is not the inhabitants of the parish, because they have no right over the common field.

303. Not the inhabitants?—Not the inhabitants, but only the freeholders in the common fields have the right of pasturage.

Sir *Thomas Robinson*.

304. Are there any provisions made in this scheme for roadways and fences?—I believe that the Inclosure Act sets out that the valuer shall have discretion in the matter of roadways and proper access.

305. When you speak about enough allotments, I suppose a great deal depends upon the situation, how near they are to the houses, whether they let or not?—The feeling of the people was taken on the allotments as set out and thought sufficient by the Board of Agriculture, and the feeling was that they were sufficient, and more than sufficient, and that they were in the most convenient places; the feelings of the meeting were taken on that point.

306. You think that they are sufficiently separated?—They are separated into four different places, I think.

307. And when you speak of the difficulty in the occupiers carrying on agriculture, I suppose it is from the difficulty there is in knowing the exact spot where their plots are?—Each occupier would know his plot; but there is great difficulty in getting to the plots in the middle of these open fields.

308. At another inquiry we heard that the owners had great difficulty in recognising their own land?—Yes; at the present moment I do not know every strip that Mr. Marsham-Townshend owns; the Blissett Trustees own about 153 plots, and they own 50 plots in one field.

309. You

Sir *Thomas Robinson*—continued.

309. You think it would be to the great advantage of all parties concerned to have this scheme carried out? —I think so, certainly. The building frontages would be opened up, and a great feeling amongst the small owners is that they have bought, from time to time, this land as freehold, and they are rather loth to acknowledge that there are any common rights over it at all, but yet they know perfectly well that they cannot do as they like with their own; they cannot crop it to the best advantage, and if it happens to be a frontage they cannot build on it, and that is the feeling, that they have bought land as freehold and it has been described so in sale catalogues, and they find that they cannot do what they like with it.

Mr. *Arch.*

310. Who would be responsible for making the road when the field is inclosed?—The means of access would be an ordinary farm road.

311. But who would be responsible for the making of it?—I do not think it would want to be made. An ordinary cart road for hauling off crops and corn would be put in the most convenient place for the common fields.

312. I think you will find that these people who have got these three acres, when the land comes to be inclosed and they have their acres apportioned out to them, will want a good road? —Then they will have to give up more land for it.

313. They will also have to give up the width of the road?—That would come out of the scheme. I think they would be rather loth to part with more land than is necessary.

314. Here are a lot of these strips of land; say, there is a portion *there*, and a portion *there*, and a portion *there*, and that makes three acres in three different lots; now then, take those three different lots and combine them all in one, that is three acres. then you have another three

Mr. *Arch*—continued.

acres, and so on right through till every one of your 40 men are satisfied, but along the bottom of these you will want a roadway?—There is a road *here* at the top (*pointing to the map*), there is a road running through the middle and a road at the bottom. It only requires a proper road made from *that* point to *that* point, and from *there* to the bottom to construct a good right of way.

315. But do not you think it would be much the best to take that middle road clean out and have a road at the top and at the bottom?—That is at the discretion of the valuer; he has perfect directions under the Inclosure Act.

Mr. *Seale-Hayne.*

316. You said just now that there was not a demand for allotments?—There is no demand, no great demand for allotments. I said that the allotments that were provided were not readily taken up.

317. The Board of Agriculture report in regard to the allotments that "nine acres of charity land are under the provisions of the Trust let in allotments, but on account of the quality and situation this land is not very readily taken up." So that it appears that your present allotment ground is bad both in quality and in situation?—That may be. There is another witness here who will give better evidence than I can about the quality and position of the charity land. I must say that I do not know the exact position or the quality of the land. There are witnesses who will give that information.

318. You are hardly prepared to say that there is not a demand for allotments when the only allotments provided are bad in quality and situation?—I believe there has been no application yet to the parish council for allotments, and if there had been any great demand there would have been applications.

Mr. JOHN ROBERT MOORE, re-called; and further Examined.

Chairman.

319. WITH regard to the road, I see by the scheme that the Board of Agriculture is to recommend roads?—The Board have retained the power of determining what roads should be set out, and any roads which they may require, whether public carriage roads, or private roads, or footpaths, are to be set out and made to their satisfaction.

320. And they will be paid for by the owners of the lands?—Anything in the way of a public road or path, made, will be paid for by the land-

Chairman—continued.

owners. The occupation roads, probably, would not require any making, but simply setting out; and the valuer, of course, will be bound to provide a proper access by way of occupation roads to every individual holding.

321. He must see to that?—He must see to that, and any allottee who finds that he has not got a proper access will have the opportunity, before the business is concluded, of appealing to the Board, through an officer who will hold a meeting in the place.

Mr. JOHN PONTING, called in; and Examined.

Chairman.

322. Do you give evidence on behalf of the smaller owners, and are you, yourself, a small owner in this neighbourhood?—I am.

323. Do you find great difficulty, from the position of your land, in cultivating it?—I do,

Chairman—continued.

because it is so much trespassed; I cannot grow anything that I wish on it.

324. Do you own scattered portions?—Yes, I own about three-quarters of an acre in one field, and three-quarters in another.

325. And

Chairman—continued.

325. And that gives you much difficulty in cultivating it?—I cannot cultivate it as I would, because if I put onions, or turnips, or anything of that kind, it is trespassed, and it is taken away.

326. Are you satisfied that you will be benefited by this scheme, if your holding is consolidated?—I believe I should, because I could plant what I liked and build a house if I liked. I believe the acre and-a-half would be worth 10*l.* to 20*l.* more than what it is now.

327. Even if there is less land, it will be worth more, you think?—Yes.

Mr. GEORGE ESHELBY, called in; and Examined.

Chairman.

328. YOU are assistant overseer of this parish?—Yes.

329. Are you acquainted with the scheme proposed by the Board of Agriculture?—Perfectly acquainted with it.

330. Would you describe to us the disadvantages they are under at present in cultivating the land?—The land is under very great disadvantage; I have known the land 50 years and more, and I know the disadvantages, and especially I may say to the small holders, and I believe the small holders would be benefited a great deal more than even the larger holders. At present the small holders cannot grow garden crops on their lands. If they plant any kale, or cabbage, or things of that kind, they are liable to be eaten off by cattle driven on the land, or being driven along the roads through the fields, or to be stolen. These pieces of land are scattered all over the fields; a piece is here, and a piece there belongs to someone else, a small holder, perhaps not honest, and he quickly takes his neighbours things and passes them on to his own land, and that is not found out; theft is very difficult to detect in the open fields. Take peas again: I held a farm at one time, and I had about 30 acres in open fields; and this land is scattered in the fields, some of it being 2½ miles from the homestead; by the time you had put up the implements and went to another piece, the time was gone in which that piece ought to have been cultivated. Just the same to a smaller holder exactly. I have also managed Lady Downes' allotment land for 27 or 28 years as steward, and there is a great difficulty in letting those lands, even where the hard turnpike road comes to them. All this land, I may say, with the exception of a few pieces, has on one side a fairly accessible road. For about three acres perhaps the road is not very accessible; and that land is in a better field, and that land lets better than the land in another field where the land is not so good. Lady Downes' allotment lands will not come under the parish councils at all; they will have no power over them; and it will be a great advantage to this charity, and it would help the 15 acres allotments by this 9-acre allotment; it would help them very much by putting this 9 acres in a convenient place in the parish or dividing it amongst the different plots, for instance, to increase those four plots. I have no doubt that would be done; that has not been brought under the scheme because it is a difficult matter to approach a charity I believe. Then again, with regard to the damage in the fields, I can speak from experience, also from what I have seen. I have actually seen crops hauled off land through standing wheat. I have seen that wheat for 100 yards with the wheel tracks and horse tracks quite beating it down; in fact, I suffered myself from that.

Chairman—continued.

331. Then I need hardly ask you whether you think it would be greatly to the advantage of the small owners, in fact of all the owners, to get rid of this right of common and pasture, and to inclose the land?—I do, most thoroughly.

332. With regard to the allotments, do you consider that 15 acres would be sufficient for the requirements of the inhabitants?—The general feeling is that it would be more than sufficient, and that they would not be able to let them.

333. There are some allotments now?—There are some allotments, nine acres of allotments already, and there is every difficulty in letting them, even those that are by the roads.

Mr. *Arch.*

334. You say that this is charity land?—Yes.

335. To what purposes is the money applied?—It goes to help the school.

Chairman.

336. Is this included in the scheme?—It is, because it is in the open field.

Sir *Thomas Robinson.*

337. Speaking of crops, what is generally planted on this land?—They plant wheat and beans and things of that kind.

338. Beans or corn?—Beans or corn.

339. It cannot be used for the purpose of field gardens?—No; they may grow potatoes, but as for cabbage, roots or turnips, or anything useful to a poor man, it is impossible to grow them.

340. And I suppose there has been a great many complaints about this trespassing?—Yes, there are continual complaints.

341. The scheme on the whole would be of great advantage to everybody concerned?—It would save a great deal of heart burning and dispute in the parish.

Mr. *Seale-Hayne.*

342. What is the situation of this charity land; how far from the village is it?—It is close to some houses in one part of the village, but a considerable distance from what we should call the main part of the village. Perhaps there may be 50 houses near it; that is taking what is

Mr. *Seale-Hayne*—continued.

is in the ecclesiastical parish of Matson, but still in the civil parish of Upton.

343. Is the church fairly central?—Yes.

344. How far is this land from the church?—Not half a mile, about a quarter of a mile; some of it is more than that.

345. Is the charity land scattered about in different fields?—Just in the same way as this.

346. Anyhow?—Anyhow.

347. And you say that this will be from a quarter to half a mile from the cottages of the people?—More than that from some of the cottages.

Mr. *Seale-Hayne*—continued.

The Committee-room was cleared; after some time the Parties were again called in.

The *Chairman* stated that the Committee, having considered the whole scheme, were of opinion that the Provisional Order should be confirmed.

Friday, 17th May 1895.

MEMBERS PRESENT:

Mr. Arch.
Sir Arthur Hayter.
Mr. Jeffreys.
Sir Thomas Robinson.
Sir Mark Stewart.

THE RIGHT HONOURABLE SIR ARTHUR D. HAYTER, BART., IN THE CHAIR.

HIGH ROAD WELL MOOR, HALIFAX.

Sir JACOB WILSON, called in; and Examined.

Chairman.

348. YOU are the Director of the Land Division of the Board of Agriculture?—I am.

349. The question this Committee has to consider is whether they shall sanction a Provisional Order for the regulation of High Road Well Moor, in the Borough of Halifax?—That is so.

350. This moor is part of the manor of Skidcoat, of which the lord of the manor is Lord Saville?—Yes.

351. And it is desired by the Corporation of Halifax to take it over as a recreation ground?—That is so, and with the sanction of the public generally.

352. The usual inquiries have been made, have they not, by an officer of the Board on the spot?—They have, by Mr. Russell.

Chairman—continued.

353. And he reports that the people down there are favourable to the enclosure?—That is the result of his report.

354. Do you put in any map, or will you explain to us the position. (*Witness explains map*)?—It is mainly a disused quarry.

355. What is the size of it?—Eight acres.

356. I think the main questions are to be asked of Mr. Russell?—That will be so.

Mr. *Jeffreys.*

357. It is altogether within the borough boundary?—It is.

358. And, therefore, they would have complete control of it?—Yes. The Mayor will give you evidence upon any local matter.

Mr. JOHN ROBERT MOORE, called in; and Examined.

Chairman.

359. YOU are Secretary to the Board of Agriculture?—I am Chief Clerk to the Board of Agriculture in the Land Division.

360. You confirm what has been said by Mr. Wilson as to the popularity of this scheme locally?—The Board are quite satisfied that it meets with the general approval of the neighbourhood, and the freeholders and the lord of the manor all wish this tract to be placed under the management of the corporation.

361. And the corporation are to undertake the annual expense of maintaining?—The annual expense of future management.

362. There are two gentlemen, are there not, who undertake to put it in order for being taken over by the corporation?—Yes, that is so. The initial expense will not fall upon the borough generally.

363. Are any commoners to be satisfied, or are there any rights of common over it?—It is rather difficult to ascertain what rights of common

Chairman—continued.

there are; but the tract is small and there is little pasturage upon it. As explained in the Board's report, it is a remnant of a larger common within the manor, the bulk of which was acquired many years ago by the corporation as a recreation ground, and it is presumed that this small remainder is subject to the same rights as the original moor was. But the rights of common must be practically valueless.

364. Is the rest of the moor kept as a recreation ground now?—It is a public recreation ground, vested, I understand, in the corporation; a large recreation ground of about 70 acres.

365. That naturally answers the question that it is convenient for the inhabitants of the borough to use?—This little tract stands away from the other recreation grounds, and it is the only open space available in that particular locality.

Sir *Mark Stewart.*

366. What right has the lord of the manor over

Sir *Mark Stewart*—continued.

over this?—He has the usual manorial rights; the right in the soil and presumably in the minerals, and he is quite willing to give up all his rights so that the land may be managed by the corporation.

367. And the minerals also?—The minerals also.

Chairman.

368. He does not hand over the rights over the minerals?—He does not reserve the minerals.

Mr. *Arch.*

369. The people round there have not been in the habit of turning cattle upon this common, have they?—I do not believe any cattle have been turned upon it for a very long time. There is very little grass. It is almost all broken, rugged ground.

Mr. *Arch*—continued.

370. You would think it would be no use, then?—I do not think it would be of any use for pasturage.

371. Or for any purpose except pleasure?—I should think it would be very little use for anything except as a play-ground.

Sir *Thomas Robinson.*

372. The usual notices have been given?—The usual notices have been given.

373. Meetings have been held, and there is great unanimity?—There is great unanimity on the question of vesting this land in the corporation.

Mr. Arthur Russell, called in; and Examined.

Chairman.

374. You are the officer of the board who went down to Halifax to make this local inquiry, are you not?—Yes.

375. And were the usual notices of it given?—Yes.

376. Was the inquiry held both morning and evening?—Yes, on different days.

377. And tolerably well attended?—Yes; there were between 30 and 40 people, I should think, at each.

378. Was there any dissentient opinion expressed about it?—No, not as to the principle of regulation. There was some dissent on the details of the scheme from a certain number of people. It was the general desire it should be made the subject of regulation. It was only in reference to the details that there was any objection.

379. As I understand it, this enclosure will merely complete that which is already in existence over the rest of the moor?—Yes. But the two parts are not really contiguous. The other part is separated from this. I mean that, at present, it would never strike anyone that the two parts were parts of the same thing.

380. But you regard this as a convenient place for a recreation ground?—Oh, quite.

381. And easy of access from the borough of Halifax?—Quite. It is very much used at present for the purpose of recreation. I mean on holidays and Sundays people go there a good deal.

382. You went round, I suppose, and inspected it?—Yes, I did.

383. Did you find any rights of common existing there?—No; I could get no information as to anyone claiming any rights of common, or of anyone exercising any rights of common.

384. Nobody complained to you that their rights would be extinguished?—Nobody. I should say that Mr. Walton, the town clerk, told me that on the occasion of the other portion of the moor being regulated in 1868, the corporation did pay compensation to the amount of 200*l.*, I think, to persons who put forward claims for common rights; and he told me that the corporation were prepared in this case, if any persons came forward and claimed any commonable rights, and established them, to compensate them also. But at neither meeting did anyone put forward any such claim, and, indeed, the place is not really susceptible of the exercise of any commonable rights. It is all rough stuff, a great part of it having been quarry. There has been an open quarry in the middle of it.

Chairman—continued.

385. Did you hear a complaint during the inquiry from Mr. Spencer, who has written to the Committee?—Yes, I did.

386. He says: "15, Waterhouse-street, Halifax. 13th May 1895. Site: High Road, Well Moor. In response to the advertisement of the Board of Agriculture respecting the proposed regulation of the moor, I desire to call attention to representations made by me to the Commissioner at the local inquiry in January last. My name is Joe Turner Spencer, of 10, Milton-place, Halifax, stockbroker. My objections to the proposal are based upon (1) The erection of a tall ugly wall along the eastern boundary, such wall having been erected *before* the said inquiry was held, and, it would appear, without sanction; (2) The turning of a very fine bit of natural beauty, near to our town, natural moorland, into a very ordinary town garden; (3) I would ask that in any order made, the name at least should be preserved, viz., the old name as in the Ordnance maps: Warley Moor. Failing this, the popular name, High Road Well Moor, but in no case the paltry name suggested, viz., West View Park; (4) The reservation to the public for their rights of way and of free recreation should be very specifically named, to keep them clear of the local bye-laws which might practically annul them. It is not my desire to appear before the Committee. Yours faithfully, J. Turner Spencer. To F. St. George Tupper, Esq., Committee Office, House of Commons." I will ask you with regard to the wall mentioned in Mr. Spencer's letter; it was erected before, was it not?—It was erected before, yes.

387. Do you consider that it at all injures the recreation ground?—Well, I agree with Mr. Spencer that I think it is quite unnecessary, and in fact, in one view, undesirable, because along the northern side of the moor, where this wall is

Chairman—continued.

placed, there is a public road, and it completely shuts off any view from that road of the valley over which this bit of moor looks. I mean that is my own private opinion.

388. It would be within the power of the corporation when they have possession to take it down, would it not?—I should say so; I believe it is their creation.

389. It would belong to nobody else?—No; Of course they had no right to put it there at all, because it was public land originally.

390. You do not know who put it there?—I understand that the corporation built it.

391. Do you agree with his second objection, "the turning of a very fine bit of natural beauty, near to our town, natural moorland, into a very ordinary town garden." Is that a correct description?—I do not quite appreciate what the details of the scheme are. Mr. Spencer's idea, was that the corporation were going to make a lot of paths and flower beds, and, as he expressed it, labels "keep off the grass," and that sort of thing, over the moor, and he objected to that very strongly. He thought all that was desirable was a few decently made paths here and there over this rough moor with seats. He thought that, in its present state, subject to a few paths being made, it was a place of great natural beauty and that it would be a pity to spoil it. But what the corporation propose to do exactly I really do not know; the details I do not know.

392. The inhabitants there do not distrust the corporation. They think that the corporation will act wisely?—Certainly; the great majority of the people seem perfectly satisfied to leave it in the corporation's hands. Mr. Spencer had this idea and there were several who were of his opinion evidently, but quite a minority.

393. With regard to the name, would there be any objection to call it by the name of Warley Moor?—I think High Road Well Moor is the one it is best known by. There was great objection raised, I must confess, to calling it West View Park.

394. But that is abandoned?—I do not know. It was not abandoned at the time I held the meeting; it was the name suggested then.

395. It is called here High Road Well Moor?—Yes, it was under that name the application was made to the Board, because that is the name it is known by up there. But in this scheme the corporation proposed to call it "West View Park," and that raised considerable opposition.

396. Would they be able to do that now?—Of course, they could call it what they pleased, I take it. There is no doubt that the people all round there call it High Road Well Moor.

397. What do the people wish to call it?—I should think that would probably be the best name, especially as it is the old name.

398. Mr. Spencer's last objection is with regard to the "reservation to the public of their rights of way and of free recreation, and that these should be very specifically named to keep them clear of the local bye-laws which might practically annul them"?—No, I think he refers to bye-laws which he apprehends the corporation might make. I think he must mean that, because in the Provisional Order there is a reservation "to the inhabitants of Halifax and the neighbourhood of a right of free access to the common and a privilege of enjoying lawful recreation thereon, subject to such bye-laws as may from time to time be made by the said corporation." I rather gather Mr. Spencer fears that the corporation might make bye-laws.

399. In every scheme there is the power reserved to those with whom you contract the enclosure to make bye-laws for the preservation of it?—So I understand.

400. Then with regard to the expense; the initial expense is to be borne by two gentlemen at Halifax, is it not?—Yes.

401. And the corporation afterwards will be at the annual cost of keeping it in proper order and repair?—That is the scheme, I believe.

402. And that scheme, such as it is now formulated by the Board, is very popular down there?—Certainly, as far as I could see there. The meetings were very extensively advertised, and, as I say, only between 30 and 40 people came, and certainly the feeling amongst those present was in favour of it; I could not speak as to the popular feeling in any other sense.

403. You held a public inquiry?—I held a public inquiry, to which anyone might have come.

404. Is there any alteration in the scheme which you would like to suggest which would make it more popular?—No; subject to what I have said about the wall.

405. That it will be in the power of the corporation to remove, if they please?—I understand so, yes. But the Mayor of Halifax and Mr. Walton, the town clerk, are here, and of course, they can speak as to that.

Mr. Jeffreys.

406. With regard to bye-laws, I suppose in every borough the corporation or the local authority have power to make bye-laws to regulate the open spaces?—That is usually provided for.

407. We could not possibly control that, even if we wished to?—No.

408. I do not say that we wish it. Somebody must have control over the open space, I suppose?—Certainly; I do not think that Mr. Spencer objects to that; but he fears that they may make bye-laws which may interfere with the absolutely free access to the common.

409. Then, on the other hand, the corporation are under the control of the people of Halifax, are not they?—Of course, yes.

410. And as for the wall or any other enclosure, the corporation, which represents the people of Halifax, could do what they like, I suppose, about enclosing it; making a fence or a hedge?—No. I think it is usual to provide in these orders whether the thing is to be kept open, or whether it is to be absolutely enclosed. This is not an application for enclosure; it is only for regulation.

411. One other question as to the rights of quarrying. Who has been exercising the right of gravel digging?—The land of the manor, Lord Savile.

412. He

Mr. *Jeffreys*—continued.

412. He wholly gives this up?—He gives up his right to the minerals without any reservation or compensation.

Sir *Mark Stewart.*

413. Have these two gentlemen who propose putting this ground in order any objection to this wall?—I do not know about that; I could not say.

Sir *Mark Stewart*—continued.

414. You had no evidence before you?—No, I could not tell you about that. But Mr. Walton, the town clerk, who is there, I should think, would be able to answer that question.

415. What will be the cost; do you know?—I am not sure whether there is anything about it in my report. But Mr. Walton and the Mayor will be able to tell you about that also.

Mr. KEIGHLEY WALTON, called in; and Examined.

Chairman.

416. YOU are the town clerk of Halifax?—Yes.

417. And are you conversant with this proposal for the regulation of this part of the common?—Yes.

418. Is it generally popular in Halifax?—Very popular indeed. There is only one dissentient in the whole borough that I know of, and that is Mr. Spencer; he is a member of the Halifax Town Council, numbering 48, and there has never been a dissentient opinion in any discussion in the town council except from himself.

419. It is the intention of the corporation to keep it as a recreation ground?—Quite so.

420. And you are not aware of any rights that will have to be extinguished?—No, I am not.

421. Will you explain to us with regard to this wall, what is the intention of the corporation with regard to it?—The wall is built, as Mr. Russell has stated, on the north side of this common, and joins the high road. It is one of the bleakest parts in the borough of Halifax. If there is an east wind blowing there, it is as much as a man's life is worth until he gets past the moor, and when the east wind is blowing, people can go in the gate and get behind the wall till they get into the shelter of the village; when the wind is blowing from the west they can go down the road and shelter on the other side of the wall. That is the only object for which the wall is put up. And if it is the wish of the inhabitants at some future time that that wall should come down, the corporation will have no hesitation in taking it down. The corporation has not put it up. It was put up by these two gentlemen who are generously and freely forming the whole of the ground into a park.

Chairman—continued.

422. A question was asked just now as to the expense. Can you state what will be the probable expense to these two gentlemen?—I think it will be about 2,500*l.*

423. And after that the corporation take it over at an annual charge?—Yes.

424. With regard to the name, do you agree with Mr. Spencer that Warley Moor or High Road Well Moor would be better?—Warley Moor would not do at all, because there is a Warley Moor outside the borough, and people would mistake the one for the other. It has always been known by the name of High Road Well Moor; and at the inquiry there was a little discussion upon this point, and the Mayor suggested "High Road Well Park," and that seemed to receive the assent of everybody; and I know that the two gentlemen, Messrs. McCrea and Robinson, are not at all partial to West View Park, and they have quite asquiesced in the name, suggested by the Mayor, of High Road Well Park.

425. We may take it that West View Park will not be the name?—That certainly will not be the name.

Mr. *Jeffreys.*

426. Has the County Highway Board ever exercised the right to take gravel out of the pit?—No, I think not.

427. They have the right, have they not?—It has always been within the borough of Halifax, and the corporation have never exercised that right.

428. The corporation have control of the roads up to their boundary?—Yes.

Mr. MICHAEL BOOTH, called in; and Examined.

Chairman.

429. YOU are at present the Mayor of Halifax, are you not?—I am.

430. May I ask you your opinion upon this scheme, whether you think it will be advantageous to the inhabitants for this scheme to be carried out?—I certainly think so; a very great advantage.

431. You endorse the opinion which the town clerk has expressed?—I do.

432. Of course the corporation undertake the maintenance of the ground after it is handed over to them?—They do.

Chairman—continued.

433. And if there is a strong feeling with regard to the removal of this wall, do you agree that the corporation would probably give effect to that feeling?—I do.

434. They would be guided by the opinion of the inhabitants?—Certainly. We have heard no opinion to that effect yet, except from the one gentleman that has been mentioned in the letter that you read, and he seems to have an opinion contrary to that of all the other people in the town.

435. In short, it is a generally popular scheme which you, as the chief magistrate of Halifax,

Chairman—continued.

strongly approve of?—It is. I do thoroughly approve of it.

Mr. Jeffreys.

436. What do you propose to do with the land, what is going to be made out of it?—Well, there will be about 2¾ acres of flat when it is complete. It has been, as it were, all heaps of stone from the minerals that have been got there. Originally, before this alteration began, there were only about 1¾ acres of flat land; but they got about 2¾ acres after the alteration, taking away the stones and putting them down in the cliff, and they are making in the cliff there beautiful stone rockeries, and putting in suitable plants for the locality (which is very bleak), so as to beautify it. Altogether it will be a most picturesque place, and very much available for what may be called a children's playground. It is not large enough for cricket, or for football, or other games of big, grown-up lads. The flat portion is really only for little children. It will be very much more available for them when this alteration is carried out than it was before they began. I was was speaking about a week ago to Mr. McCrea, a former mayor of the borough, who can look upon the park itself from his own home, and pride himself in having really been the means of this being made available for the public; and now, before the park is finished, if it is a fine evening, and especially on Saturdays and Sundays there are, he says, very large numbers of people there. That shows that it is a popular scheme. In fact, at the inquiry, and all through, I have never heard a word said against the corporation taking upon itself the additional responsibility, that is, of maintaining this park. It seems to be thoroughly popular, notwithstanding the large number of parks that the town possesses. But, as has been remarked to you by the gentleman who held the inquiry, Mr. Russell, it is isolated from that other large park, but is a portion really of the same lord of the manor's land, and it is in a growing locality, that is, as it were, a little village isolated from the town, and which will be very much resorted to by those who live in the immediate neighbourhood. And there are several houses now built, and I consider it is partially in consequence of the park itself that houses are being built in the immediate vicinity.

Mr. *Jeffreys.*

437. I suppose the corporation will merely make the usual bye-law to preserve order and regulate the park?—Certainly; that is all.

Sir *Mark Stewart.*

438. Is it near any large school?—There is going to be one built very near to it, a very large Board school. There is one not very far away. There is a Sunday school close by it, on the very ground itself, you might say. But still, the nearest Board school is, it may be, about half-a-mile away. But now, in consequence of the increasing population in that district they are going to build a very large Board school very much nearer to it than there has been hitherto.

439. How far is it from the main portion of the town?—Oh, a good mile.

Sir *Mark Stewart*—continued.

440. And what was the original name in the old Ordnance Surveys?—High Road Well Moor has always been the name of the place.

441. That will be a popular name to continue?—As has been told you at the inquiry, there seemed to be a difference of opinion, and I thought that we might venture to call it a park rather than a moor after the money that had been laid out in beautifying it; and I suggested at the inquiry, and it seemed to meet with general approval, that it should be called High Road Well Park, and not High Road Well Moor. And there is no doubt whatever, but that Mr. McCrea and Mr. Robinson, who were the parties most interested in the first place, will be quite agreeable to that.

Mr. *Arch.*

442. When these two gentlemen have spent the money in beautifying the place, the corporation will then take it up and keep it in proper order?—Yes.

443. Will it cost much to keep it in order?—I should think it will cost about 200*l.* a year. I should say one gardener and a growing lad would about keep the thing going nicely.

444. Not more?—No, I do not think so. Well, perhaps it would take two men. It would cost between 100*l.* and 200*l.* a year.

445. It would take two men?—Perhaps it would. It would not cost 200*l.* a year. I should think 150*l.* would be the maximum; but there is the fact that in localities like that plants sometimes get blown down and renewals are required. It is rather a bleak position, but still it will not cost 200*l.* a year. I should certainly be within the mark in saying it would not cost upwards of 200*l.* a year.

446. Would the corporation have it planted with flowers?—There would be very few flowers there. It is a very bleak position. I do not think there would be more than about two beds of flowers. They would perhaps put into the rockery such flowers as are suitable to that place, to beautify it. But in the flat portion (the recreation portion) there would be no space for flowers.

447. That would be more for the little ones to run about on?—Yes, certainly.

448. And would the corporation obtain this money by a small rate?—They would take it from the rates; the general rating of the borough. They would make an estimate for it. In framing their estimates for the year they would put in an estimate of so much for High Road Well Park, just as they do for the other parks in the borough.

Sir *Thomas Robinson.*

449. Of course, this scheme has been thoroughly published in Halifax, advertised, and meetings held?—Yes.

450. And you consider that there has been great unanimity in regard to the proposal; that all are in favour of it?—I am quite sure that it so.

451. And you say it is a growing district?—It is a growing district, certainly.

452. What

Chairman.

452. What is the acreage that is affected by this?—I could not answer that question exactly; but I should think that portion is, as I said before, about 2¾ acres, and I should think that there is about half as much on the slope. *Mr. Walton*—7¾ acres. *The Witness*—I had really forgotten the acreage; one cannot tell looking at it.

Sir *Thomas Robinson.*

453–4. You understand that the Corporation will have to make the roads and paths in consonance with the wishes of the Board of Agriculture?—They have already done that, I think; that is to say, the parties who are laying out the money and beautifying the place for a park have made sufficient terraces and roadways which intersect it in various ways, and they have made a most magnificent terrace on the brink of a hill on a cliff where you can walk along, and the Corporation itself has helped to beautify it.

Sir *Thomas Robinson*—continued.

I may say that we altered the front of the Town Hall; we had a big terrace in front of the Town Hall, and some beautiful stonework. We thought it was objectionable, and we took it away and allowed them to lead this, and they have been enabled to put this on the brink of the hill, and thus beautify the park very much indeed. We handed that stone over to them, which was really a part of the building of our own Town Hall.

455. The ratepayers will be put to no expense in establishing it?—Not at all. These gentlemen make the roadways, and everything.

456. You will have to keep it up and maintain it?—That is so.

The Committee-room was cleared: after some time the parties were again called in. [The Chairman stated that the Committee were unanimously in favour of the confirmation of the Provisional Order for the regulation of Highroad Well Moor, Halifax].

BEXHILL DOWN.

Sir Jacob Wilson, called in; and Examined.

Chairman.

457. The application is for the confirmation of a Provisional Order for the regulation of Bexhill Down, in the County of Sussex?—That is so.

458. Will you inform the Committee whether the usual local inquiries have been made?—Yes, and the scheme has received the requisite sanction of the proportion of the inhabitants.

459. The result of these inquiries was that the Board of Agriculture came to the opinion that it would be advisable to grant this?—That is so.

460. Bexhill is a very increasing place, is it not, with now upwards of 5,000 people?—So I gather.

461. Will this common, in all probability, be near enough to Bexhill for the people to enjoy it as a recreation ground?—That is the idea, inasmuch as I believe that Bexhill practically has been built almost up to the common, or is growing very fast towards it.

462. Are there any rights of pasturage over this common now?—Yes, so it appears, but they are not very much exercised. A few horses are pastured there, but it is mainly occupied by gipsies.

463. You have heard no strong opposition on the part of the commoners?—No. Perhaps if there were, Mr. Pemberton Leach, the inspector, will be able to tell you.

Mr. *Arch.*

464. I see here that the inhabitants of Bexhill and the neighbourhood are to have the right of

Mr. *Arch*—continued.

free access to the Down and the privilege of playing cricket and other games and enjoying reasonable recreation; do you think that the district council will ever interfere with that right?—Oh, I think certainly not. The district council will be at the cost of this regulation entirely; it is with their sanction, so that I do not think there will be any fear of such interference in the future.

465. Do you think that the lord of the manor, whose manorial rights are to be preserved, will ever attempt to lift stone up there from the part of the common so as to spoil the bit of the ground?—I cannot be responsible for the acts of the lord of the manor, but I should not think it at all likely. His representative will be here, and will probably answer your question.

Sir *Thomas Robinson.*

466. The land which you are going to regulate in this scheme is about 46 acres, is it not?—Yes.

467. How near is it to the town?—Looking at the plan, it looks like a mile and a-half, but it is growing now very much towards the common.

468. And the usual notices, I presume, have been given and meetings held?—Yes.

469. Are the people pretty unanimous in favour of the scheme?—Yes; the inspector, Mr. Pemberton Leach, who held the inquiry, will tell you exactly what took place.

Mr. John Robert Moore, called in; and Examined.

Chairman.

470. Do you endorse, on behalf of the Board of Agriculture, the opinions which Sir Jacob

Chairman—continued.

has expressed to us as to the advisability of the scheme?—I do; quite so.

Chairman—continued.

471. Are you acquainted with the ground?—I have not been there for many years. I daresay I should not recognise it if I were to go there now.

472. It is stated to be about three-quarters of a mile from the sea: therefore, I suppose, it is not very far from Bexhill?—The town, I believe, has grown right out to the common. The town is rather to the east, and the sea is southward.

473. It contains about 46 acres?—Yes; that is about the acreage.

474. Part of which is already covered with gorse, and part of which is laid out as a cricket ground?—That is the description which we have of it.

475. From your experience, do you consider it a suitable place for a recreation ground?—I should think it is a very suitable and desirable place.

476. Are you aware of any right which would be extinguished by the regulation?—No; I do not think any rights will be extinguished; they will be preserved.

477. And it is obvious that it will be very much improved by being kept clear of gipsies, and used for a recreation ground?—It will improve the value of the rights of pasturage, I should think, as well as render it more desirable for those who resort to it for recreation.

478. It is proposed to hand it over to the urban district council?—Yes; they stand in the place of the old local board.

Mr. *Jeffreys.*

479. I suppose they will take care to preserve the cricket ground?—Oh, yes; that is one of the things which they will do, no doubt.

480. Who is the lord of the manor?—Lord Cantelupe.

481. He agrees to the scheme?—Yes; he is a supporter of the scheme.

Sir *Mark Stewart.*

482. He does not give up the mineral rights?—He reserves the mineral rights, but it is not supposed that they are of any material value.

483. I suppose, in future, there will be no more grazing allowed?—There is nothing in the scheme which will interfere with the grazing in the future.

Mr. *Arch.*

484. The report states that Bexhill had 5,206 inhabitants at the 1891 Census, but that it has since increased, and that building operations are being actively carried on; do you think for one moment that any of this common will be built upon?—If it is once placed under regulation, and this Provisional Order is confirmed, it cannot be built upon without the authority of Parliament, not an acre of it.

485. The district council will have no power at all in that matter?—No.

486. It will have to be kept open unless the sanction of Parliament determines otherwise?—That is so.

Mr. George Pemberton Leach, called in; and Examined.

Chairman.

487. You held the local inquiry on behalf of the Board of Agriculture at Bexhill?—Yes.

488. Were the usual notices issued?—Yes.

489. And morning and evening meetings held?—Yes.

490. Will you tell us the result of those: was the feeling unanimous in favour of the regulation of this common?—Almost entirely. At first, one of the witnesses interested was not disposed to assent; but arrangements were made, and he concurred in the application.

491. Only one person?—Only one person. He was interested as an adjoining landowner. He wanted certain provisions which were made for his benefit, which should be carried out.

492. He did not object on the general principle of keeping the common in order, I suppose, did he?—Oh, no.

493. Did you go round and visit the common?—Yes.

494. Is it the fact that it has been considerably used as an encampment for gipsies, and that all sorts of filth is deposited there?—Yes. The lower part of the common is free from gorse. On the upper part of it there is a great quantity of gorse, which grows very high and strong, and the gipsies passing through have been in the habit of cutting large quantities of the gorse for sticks. It is five or six feet high in some places, with very great sticks, so that they can be easily sold; and the common is stripped a good deal in that way; and they also stop and camp there.

Chairman—continued.

495. Do they burn a good deal of ground and do other injuries to the common?—I do not know that the burning was particularly referred to.

496. Then it is proposed by the scheme to hand this common over to the Bexhill Urban District Council?—Yes.

497. That, in your opinion, is the proper authority should have it?—That is the proper authority to take it. In fact, that is the governing body of the town: their idea is to take over this land and undertake the management of it for the benefit of the town generally.

498. And there is no objection on the part of the town to any expense they will be put to in keeping it in order?—No, not the least. The opinions expressed at the meeting were universally in favour of it.

499. It is to be kept mainly as a recreation ground, if not entirely?—It is a space of about 46 acres. Part of it will be more or less a park, a wild park; and on the lower part there is an excellent cricket ground, which has been used for many years by the local cricket club under licence from the lord of the manor. That will be preserved; but other places, which are available for recreation, will be used for that purpose.

500. And as it is already the site for the local cricket ground, it is obvious, is it not, that it is near enough to Bexhill to be of use to the inhabitants?—Oh, the buildings of Bexhill come now

Chairman—continued.

now up to the edge almost of the common. If that is the ordnance map it is probably not a very recent one.

501. We do not see exactly how near it is; but you can describe it perhaps?—Here is the railway; and the sea is down below this; and the buildings come all alongside of this hill now, which is close to the edge of the common.

Mr. *Jeffreys.*

502. What is that place in the middle of it?—That is an old encroachment of many years standing, which cannot be interfered with; but the district council have bought half of that encroachment, and I believe that they are in treaty for buying the remainder; and there is an old cottage upon it, so that if it is necessary to have a cottage for a common keeper that would be a very good place for it.

503. The inhabitants of Bexhill understand, do they not, that it will be kept as an open recreation-ground, subject only to such bye-laws as the council think necessary to impose?—Yes; I may say that under the provisions of the Commons Act with reference to bye-laws, which will probably apply to any bye-laws made under this scheme, that they are to be approved before they come into force by one of the principal Secretaries of State.

504. Are there any rights which you know of which will be extinguished by this; because you can hardly call the encampment of the gipsies a right?—The rights of common will not be interfered with at all. They will remain as at present.

505. Are there any such rights?—There are rights of common; but they are not exercised to any appreciable extent.

Mr. Jeffreys.

506. Who will exercise them in future?—The persons entitled to rights of common are the freehold and copyhold tenants of the manor of Bexhill, which comprises about 4,000 acres of the 8,000 acres of the parish of Bexhill.

507. Who will regulate the number of the animals?—The tenants of the manor are all known. They are about 32 in number.

508. But they will increase, I suppose, as the buildings increase, will they not?—No; because the occupiers of new buildings would not necessarily become tenants of the manor; and rights of common can only be exercised in respect of land.

509. Did you find there had been a good many encroachments made on the down, on this moor?—No encroachments.

510. None besides the one you mentioned?—That was an old one. I think that is the only one. Of course, there have been people who have been in the habit of throwing rubbish, and that

Mr. *Jeffreys*—continued.

sort of thing, upon it; but there has been no permanent encroachment.

511. After this, of course, it will all be in the power of this district council to keep in order and to preserve entirely?—Yes.

Sir *Mark Stewart*

512. Do the rights of these tenants, the copyholders, over the common descend hereditarily?—The rights would be exerciseable in respect of the ownership of the land.

513. Adjoining the common?—Adjoining the common, and held of the manor.

514. And that is subject to sale?—Yes.

515. I was not sure whether it expired after certain lives?—No.

Mr. *Arch.*

516. The report states that there were about 25 or 26 persons present at these meetings; who were they?—There were 25 present at the morning meeting, and about 36 in the evening.

517. But were the majority of them people who were interested in the common; the working classes?—All classes were present; especially at the evening meeting there were a great many labourers.

518. When this provisional order is carried out the authorities will not allow the gipsies to remain there and spoil the common and chop the wood down, will they?—I should say, certainly not.

519. And they will not allow people to shoot rubbish there?—No.

520. It will be kept as a decent recreation-ground?—That is the object of the scheme; to vest the management of the common in the district council, so that it may be preserved in its natural beauty.

Sir *Thomas Robinson.*

521. Is this Bexhill Down all within the district council?—Yes.

522. All in one parish?—It is all in the parish of Bexhill.

523. I see that it is said that Bexhill is very near the sea?—Yes.

524. And the town is now extending?—The town is extending considerably.

525. Is it at all likely to become a residential sea-side place?—I should think it very likely, indeed. In all probability it will. It has been growing to a certain extent for some years.

526. And the laying out of this as a recreation-ground will increase the attractions of the place?—Certainly; although the tendency of people who go to the seaside is to gravitate more to the sea-front. This common is only about three-quarters of a mile from the beach.

Mr. FREDERICK MICHAEL WALLIS, called in; and Examined.

Chairman.

527. You are a member of the Bexhill Urban District Council, are you not?—Yes.

528. And well acquainted with this Down, and the neighbourhood?—Yes.

Chairman—continued.

529. Has this Down in the past been considerably encamped upon by gipsies, and a great deal of filth and rubbish thrown there?—Yes; that was the object in making the application, to

Chairman—continued.

get the control of the common. It is only of late years, since the development of Bexhill, that the gipsies have really invaded us, and they have become an intolerable nuisance; and they have come there in such quantities, and created such filth by deposits and the beastliness which they cast about their vans whilst camping out in these little tents and under their vans, that really large portions of the Downs were getting into a horrid and unsanitary condition. Then, again, another great nuisance which has been committed there is their cutting the gorse wholesale simply for the sake of getting the sticks for umbrella and walking-stick handles. They have no right to do this. It is a direct theft and robbery. But they will come there; we have no control over them; we cannot interfere with them. It is only the lord of the manor, who cannot have a man there always at night to stop these men cutting this stuff. Another great danger has arisen only lately. By some means or another, out of sheer mischief, a very large quantity of this gorse was fired, and there was a very extensive fire there, only about a fortnight ago. We had no control over it. Then, again, there is the proximity to the town; it is part and parcel of the town. It is not built all round; but there are houses on all sides of it. The old village runs right down on to the edge of the common. If you will take your map you will see a stream at the bottom of the hill. The houses of the old town are right down to that stream. This is a very important piece of ground, and one which it is necessary to take some control over to prevent the increase of the intolerable nuisances which are caused there.

530. Which nuisances will be increased the more Bexhill increases?—Yes, the more Bexhill increases the more attraction there is for the gipsies to come there with their wares. They come round and encamp at night, and sell tapes and things of that sort.

Mr. *Arch.*

531. These gipsies do not pay any rates or taxes?—They get all they can, and only leave what we do not want.

Chairman.

532. The inhabitants generally of Bexhill are very desirous that this should be put an end to?—They have a very strong feeling in the matter.

533. And properly regulated?—Yes.

534. Will this scheme be sufficiently strong to enable you to put a stop to all these nuisances?—Yes, because we shall be supported by the inhabitants. We have no power at present. The only thing we can do is to get the lord of the manor's consent and draw them off on to the high road, and then they say the police must deal with them.

535. And when you have issued bye-laws, of course you can enforce them against the gipsies and against anybody else?—Exactly.

536. The power of regulating the common and making the bye-laws will rest with the district council?—Quite so.

537. Is that, in your opinion, the best body that could have it?—Yes; I do not see any other body that could have the jurisdiction.

538. And this common is near to Bexhill, so as to be convenient for the recreation of the inhabitants?—Yes, certainly; it has been the recreation ground.

539. And has been used as a cricket ground?—Yes. I can remember it for nearly 50 years as a recreation ground.

540. And you have no doubt whatever this will be a great advantage to the inhabitants of Bexhill?—Very great.

541. Are any rights of common to be extinguished?—No, we wish to preserve all the rights of the commoners. The rights that the commoners possess at present are those copyholders who have had a right to the bite of herbage; not to cut the turf, or cut the gorse, and that sort of thing. But within the last few years, when these cottages that I spoke of were built at the bottom of the Down, and which are not copyhold property and are occupied by people having no common rights, these people have taken upon themselves to keep cows and donkeys and goats, and that sort of thing, and they are all turned out there to feed. But they have no common rights. Until those cottages were built nothing was ever turned on that common in my recollection, except sheep. We used to have a certain number of sheep pastured there; cattle did not come. They could not be turned out there, because, as you see, it is crossed by several roads, and if they had turned their cattle out their cattle would have strayed.

Mr. *Jeffreys.*

542. Who hitherto have had the common rights?—The farmers who have been occupying farms comprising copyhold property in the manor of Bexhill.

543. That is to say, copyholders of the manor?—Copyholders of the manor.

544. We heard just now they could not be increased: is that so?—I do not know about that. But Lord Cantelupe's land steward is here, and he will answer that question.

545. I thought, perhaps, they might be increased indefinitely till the grass became very much exhausted. I suppose, however, you could control that, or what do you propose to do in the future?—We simply wish to have some one to look after that Down to prevent it being converted to improper purposes, in order that the Down may be kept clean, the gorse, to a certain extent, grubbed, so as to make walks and put up seats, so that it may be an advantage to the people in general. That is the only object that we have, and I do not think the commoners would wish to exercise their right. The one objection that was raised was by one gentleman, who waived it immediately when he was talked to.

Mr. *Arch.*

546. I suppose that when these gipsies come and encamp they bring their horses and ponies and donkeys, and that they turn them on your common for the night?—Yes. They get pounded occasionally, and then they are not above breaking the pound down to get them out.

Sir *Thomas Robinson.*

547. Is there any scheme agreed upon as to laying out this common, or any part of it, for a recreation

Sir *Thomas Robinson*—continued.

recreation ground?—There is the cricket ground already in existence, and our present idea was simply that we should keep a common-keeper, or park-keeper, whatever you like to call him, in charge, to look after it and see that abuses are not committed on the common, and that it is simply left for the benefit and advantage of the inhabitants.

548. Have you formed any idea as to what it will cost to maintain it when you have got it?—It will cost nothing more than just the man's weekly wage, and he will be a servant of the board.

Sir *Thomas Robinson*—continued.

549. The inhabitants generally are in favour of it?—All are in favour of it. We do not propose to fence it or anything of that kind.

Chairman.

550. You propose to keep some of it wild, as gorse?—Exactly; a place for people to wander about. It is monotonous on the sea front, and they like to walk there when the gorse is out. It is a very pretty place, a great attraction.

551. The cricket club keep their own ground in order?—They keep their ground in order, certainly.

Mr. HENRY ELLIOTT CURREY, called in; and Examined.

Chairman.

552. YOU are a steward of the manor of which Lord Cantelupe is the lord?—Yes.

553. And Lord Cantelupe is quite willing that this scheme should be carried out, is he not?—Yes, subject to his rights being reserved as in the scheme that is proposed.

554. And he is willing that the Urban District Council should have the management of the common?—Yes.

555. Do you indorse what has fallen from the previous witness with regard to the damage done to the common by the gipsies?—Yes, it has been a great deal of trouble, and it has got quite beyond the management of the reeve down there. He could not keep these gipsies and people off the common at all, and he had constantly to ask for police protection. It has become necessary that some local authority should be able to keep control over the common generally.

556. I suppose you are liable to fires?—Yes, there has been a fire quite recently, within the last two or three days.

557. And you think this will be a great advantage to Bexhill as a recreation ground?—I think so, a great advantage.

558. May I ask if you have had complaint as steward of the copyholders with regard to the extinction of their rights?—No. Those whom we have spoken to are in favour of it, because their rights are going to be preserved.

559. It is a right in the copyholders of the manor to pasture cattle, is it not?—Certain of the copyholders, not the whole of the copyholders. There are certain of the copyholders and freeholders who have a right.

560. And their numbers cannot be increased, although their property might be extended?—The number of copyholders might be increased, but the rights would not thereby be increased. The rights are in respect of certain pieces of land. It is only so many cattle as can be housed during the winter upon the piece of land.

561. Will they have those rights still?—Yes, they will have those. It is not proposed to interfere with them.

562. But they do not, according to the last

Chairman—continued.

witness, exercise them much on account of the road?—No, very little, I think.

563. Anyhow, they do not complain?—No, not at all.

Mr. *Jeffreys.*

564. The common rights attach to the holdings, not to the freeholders?—Yes, and the lands, certain tenements.

565. The lands or buildings?—Only lands. A certain piece of land has commonable rights. It is that such cattle as they can maintain during the winter on that field they have a right to turn out during the summer months on the common to graze.

566. And if that piece of land was sold to two or three more people?—There would be no more rights. They could not by multiplying increase the rights, because the land could not house more cattle during the winter weather if it was divided into several holdings instead of being in one. In all probability it would house fewer cattle.

Sir *Mark Stewart.*

567. If the right of pasture was six cattle, and the holding was divided into three parts, each part would have a right to two?—Yes, if each part was sufficiently large to house two beasts during the winter.

Mr. *Arch.*

568. How many working men have rights on this common?—None. Not ordinary working men. They must be land occupiers.

Chairman.

569. It is a right appurtenant to the copyhold?—Yes.

The Committee-room was cleared. After some time the parties were again called in. The Chairman said the Committee were unanimously of opinion that the Provisional Order for the regulation of Bexhill Down in the County of Sussex be approved.

FOURTH

REPORT

FROM THE

SELECT COMMITTEE

ON

COMMONS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

MINUTES OF EVIDENCE.

Ordered, by The House of Commons, *to be Printed,*
17 *May* 1895.

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R E P O R T

FROM THE

SELECT COMMITTEE

ON THE

COMMISSIONERS OF THE CITY OF LONDON (BATHS AND WASHHOUSES) BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed,*
12 *March* 1895.

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112.

COMMISSIONERS OF THE CITY OF LONDON (BATHS AND WASHHOUSES) BILL.

Ordered,—[*Wednesday, 27th February* 1895]:—THAT the Select Committee on the Commissioners of Sewers of the City of London (Baths and Washhouses) Bill do consist of Five Members, Three to be nominated by the House and Two by the Committee of Selection.

THAT all Petitions against the Bill, presented Three clear days before the meeting of the Committee, be referred to the Committee; that the Petitioners praying to be heard by themselves, their Counsel, or Agents, be heard against the Bill, and Counsel heard in support of the Bill.

Committee nominated of—

Mr. Burnie. Mr. Alban Gibbs. Mr. Alpheus Morton.	Nominated by the House. [*Wednesday, 27th February* 1895.]
Sir Thomas Roe. Mr. Talbot.	Added by the Committee of Selection. [*Friday, 1st March* 1895.]

THAT the Committee have power to send for Persons, Papers, and Records.

THAT Three be the Quorum of the Committee.

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REPORT.

THE SELECT COMMITTEE to whom the COMMISSIONERS OF THE CITY OF LONDON (BATHS AND WASHHOUSES) BILL was referred;——HAVE gone through the Bill, and made Amendments thereunto.

12 *March* 1895.

PROCEEDINGS OF THE COMMITTEE.

Tuesday, 12*th March* 1895.

MEMBERS PRESENT:

Mr. Alpheus Morton.
Mr. Burnie.
Sir Thomas Roe.
Mr. Talbot.
Mr. Alban Gibbs.

Mr. ALPHEUS MORTON was called to the Chair.

COMMISSIONERS OF THE CITY OF LONDON (BATHS AND WASHHOUSES) BILL.

Mr. *Russell Griffiths* appeared as Counsel for the Promoters of the Bill.

Mr. *Russell Griffiths* was heard on behalf of the Promoters of the Bill.

Clause 1, *agreed to.*

Clauses 2—3, amended, and *agreed to.*

Clauses 4—5, *agreed to.*

Clause 6, amended, and *agreed to.*

Clause 7, *agreed to.*

Ordered, To Report the Bill, as amended, to the House.

REPORT

FROM THE

SELECT COMMITTEE

ON THE

COMMISSIONERS OF THE CITY OF LONDON (BATHS AND WASHHOUSES) BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

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REPORT

FROM THE

STANDING COMMITTEE

ON

LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE,

ON THE

CORRUPT AND ILLEGAL PRACTICES PREVENTION ACT (1883) AMENDMENT BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed*,
28 *May* 1895.

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1895.

STANDING COMMITTEE ON LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE.

[*Tuesday, 26th February* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had nominated the following Members to serve on the Standing Committee for the consideration of all Bills relating to Law, and Courts of Justice, and Legal Procedure, which may, by Order of the House, be committed to such Standing Committee:—

Committee nominated of—

Mr. Ambrose.
Mr. Asquith.
Mr. Atherley-Jones.
Mr. Bartley.
Mr. Beach.
Mr. Bolitho.
Mr. Jacob Bright.
Mr. Brodrick.
Mr. Bryce.
Mr. John Burns.
Mr. Carson.
Sir Edward Clarke.
Mr. Courtney.
Mr. Donald Crawford.
Mr. Cremer.
Mr. Curzon.
Mr. Darling.
Sir Charles Dilke.
Mr. Dillon.
Sir William Hart Dyke.
Mr. A. de Tatton Egerton.
Mr. John Ellis.
Mr. Evans.
Sir Walter Foster.
Mr. Henry H. Fowler.
Mr. Herbert Gardner.
Mr. Gathorne-Hardy.
Mr. Herbert Gladstone.
Mr. Haldane.
Sir Charles Hall.
Sir Edward Harland.
Mr. Maurice Healy.
Mr. T. M. Healy.
Mr. Staveley Hill.
Mr. Samuel Hoare.
Mr. Henry Hobhouse.
Sir Ughtred Kay-Shuttleworth.
Mr. Kenyon.
Mr. Knox.
Mr. Lawrence.
Mr. Shaw Lefevre.
Mr. Lloyd-George.
The Lord Advocate.
Mr. James William Lowther.
Mr. McNeill.
Mr. Matthews.
Sir Samuel Montagu.
Mr. John Morley.
Mr. Edward Morton.
Mr. Mount.
Mr. Mulholland.
Mr. Muntz.
Mr. William O'Brien.
Mr. Paul.
Sir Charles Pearson.
Mr. Pickard.
Sir Francis Powell.
Mr. John Redmond.
Mr. Bryn Roberts.
Sir George Russell.
Mr. Parker Smith.
Mr. Solicitor General.
Mr. Francis Stevenson.
Mr. Storey.
Mr. Taylor.
Sir Richard Temple.
Mr. Webb.
Mr. Whitmore.

CORRUPT AND ILLEGAL PRACTICES PREVENTION ACT (1883) AMENDMENT BILL.

[*Monday*, 11*th March* 1895]:—*Ordered*, That all Standing Committees have leave to print, and circulate with the Votes, the Minutes of their Proceedings, and any amended Clauses of Bills committed to them.

[*Friday*, 15*th March* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had discharged the following Member from the Standing Committee on Law, and Courts of Justice, and Legal Procedure:—Sir Ughtred Kay-Shuttleworth; and had appointed in substitution: Mr. Hopwood.

[*Friday*, 22*nd March* 1895]:—Sir Joseph Mowbray reported from the Committee of Selection; That they had discharged the following Member from the Standing Committee on Law, and Courts of Justice, and Legal Procedure:—Sir Walter Foster; and had appointed in substitution: Mr. Seale-Hayne.

[*Tuesday*, 9*th April* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had added to the Standing Committee on Law, and Courts of Justice, and Legal Procedure, the following Fifteen Members in respect of the Church Patronage Bill:—Mr. Griffith-Boscawen, Viscount Cranborne, Mr. Dodd, Mr. Everett, Sir James Fergusson, Mr. Fisher, Mr. MacInnes, Mr. Lloyd Morgan, Mr. Roby, Mr. George Russell, Colonel Sandys, Mr. Talbot, Mr. Warner, Mr. Carvell Williams, and Viscount Wolmer.

Sir Matthew White Ridley reported from the Chairmen's Panel; That they had appointed Sir Matthew White Ridley to act as Chairman of the Standing Committee for the consideration of Bills relating to Law, and Courts of Justice, and Legal Procedure, in the place of Mr. Arthur O'Connor.

[*Wednesday*, 1*st May* 1895]:—Corrupt and Illegal Practices Prevention Act (1883) Amendment Bill, read a second time and committed to the Standing Committee on Law, and Courts of Justice, and Legal Procedure.

[*Tuesday*, 7*th May* 1895]: Sir John Mowbray reported from the Committee of Selection; That they had discharged the following Members from the Standing Committee on Trade (including Agriculture and Fishing), Shipping and Manufactures:—Sir Joseph Pease and Sir Mark Stewart; and had appointed in substitution: Mr. Gerald Balfour and Mr. Johnson-Ferguson.

Sir John Mowbray further reported from the Committee; That they had discharged the following Member from the Standing Committee on Law, and Courts of Justice, and Legal Procedure:—Mr. Samuel Hoare; and had appointed in substitution: Mr. Jebb.

[*Friday*, 10*th May* 1895]:—Sir John Mowbray reported from the Committee of Selection; That they had added to the Standing Committee on Law, and Courts of Justice, and Legal Procedure, the following Fifteen Members in respect of the Corrupt and Illegal Practices Prevention Act (1883) Amendment Bill:—Mr. Attorney General, Mr. Dunbar Barton, Mr. Bodkin, Mr. Thomas Henry Bolton, Mr. Broadhurst, Mr. Butcher, Mr. Dodd, Sir Henry James, Mr. Labouchere, Mr. Elliott Lees, Mr. Leon, Sir Donald Macfarlane, Sir Frederick Milner, Mr. Warner, and Mr. R. G. Webster.

REPORT.

THE STANDING COMMITTEE on LAW, and COURTS OF JUSTICE, and LEGAL PROCEDURE, to whom the CORRUPT AND ILLEGAL PRACTICES PREVENTION ACT (1883) AMENDMENT BILL was referred:——HAVE gone through the same, and made Amendments thereunto.

28 *May* 1895.

STANDING COMMITTEE ON LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE.

Friday, 24th May 1895.

MEMBERS PRESENT:

Sir MATTHEW WHITE RIDLEY in the Chair.

Mr. Dunbar Barton.
Mr. Beach.
Mr. Bolitho.
Mr. Thomas Henry Bolton.
Mr. Donald Crawford.
Mr. Dodd.
Sir W. Hart Dyke.
Mr. John Ellis.
Mr. Seale-Hayne.
Mr. T. M. Healy.
Mr. Staveley Hill.
Mr. Henry Hobhouse.
Mr. Hopwood.
Mr. Elliott Lees.
Mr. Leon.
Mr. James William Lowther.
Sir Donald Macfarlane.
Sir Frederick Milner.
Mr. Mount.
Sir Charles Pearson.
Sir Francis Powell.
Mr. Parker Smith.
Mr. Whitmore.

CORRUPT AND ILLEGAL PRACTICES PREVENTION ACT (1883) AMENDMENT BILL.

Clause 1.—Amendment proposed, in page 1, line 5, after the word "who," to insert the words "or the directors of any body corporate which"—(Mr *T. M. Healy*).—Question put, That those words be there inserted.—The Committee divided:

Ayes, 12.
Mr. Dunbar Barton.
Mr. Beach.
Mr. Bolitho.
Mr. Donald Crawford.
Mr. Dodd.
Mr. Seale-Hayne.
Mr. T. M. Healy.
Mr. Hopwood.
Mr. Leon.
Mr. James William Lowther.
Sir Donald Macfarlane.
Mr. Mount.

Noes, 10.
Mr. Thomas Henry Bolton.
Sir W. Hart Dyke.
Mr. Staveley Hill.
Mr. Henry Hobhouse.
Mr. Elliott Lees.
Sir Frederick Milner.
Sir Charles Pearson.
Sir Francis Powell.
Mr. Parker Smith.
Mr. Whitmore.

Another Amendment proposed, in page 1, line 5, to leave out the words "before or during an election"—(Mr. *T. M. Healy*)—Question proposed, That the words proposed to be left out stand part of the Clause.

Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 1, line 5, to leave out the word "an," and insert the words "any parliamentary"—(Sir *Francis Powell*).—Question, That the word "an" stand part of the Clause,—put, and *negatived*.

Question, That the words "any parliamentary" be there inserted,—put, and *agreed to*.

Another Amendment proposed, in page 1, line 6, to leave out the word "return," and insert the word "election"—(Sir *Francis Powell*).—Question proposed, That the word "return" stand part of the Clause.

Amendment, by leave, *withdrawn*.

Another

Another Amendment proposed, in page 1, line 7, after the word "make," to insert the words "or publish"—(Sir *Francis Powell*).—Question, That the words "or publish" be there inserted,—put, and *agreed to*.

Amendment proposed, in page 1, line 7, after the word "false," to insert the words "and injurious"—(Mr. *Henry Hobhouse*).—Question put, That the words "and injurious" be there inserted.—The Committee divided:

Ayes, 9.	Noes, 10.
Mr. Beach.	Mr. Dunbar Barton.
Mr. Bolitho.	Mr. Donald Crawford.
Mr. Thomas Henry Bolton.	Mr. Dodd.
Sir W. Hart Dyke.	Mr. T. M. Healy.
Mr. Henry Hobhouse.	Mr. Staveley Hill.
Mr. Elliott Lees.	Mr. Hopwood.
Sir Charles Pearson.	Mr. James William Lowther.
Sir Francis Powell.	Sir Donald Macfarlane.
Mr. Parker Smith.	Mr. Mount.
	Mr. Whitmore.

Another Amendment proposed, in page 1, line 7, to leave out the words "of fact"—(Mr. *T. M. Healy*).—Question put, That the words "of fact" stand part of the Clause.—The Committee divided:

Ayes, 16.	Noes, 3.
Mr. Dunbar Barton.	Mr. Dodd.
Mr. Beach.	Mr. T. M. Healy.
Mr. Bolitho.	Mr. Hopwood.
Mr. Thomas Henry Bolton.	
Mr. Donald Crawford.	
Sir W. Hart Dyke.	
Mr. Staveley Hill.	
Mr. Henry Hobhouse.	
Mr. Elliott Lees.	
Mr. James William Lowther.	
Sir Donald Macfarlane.	
Mr. Mount.	
Sir Charles Pearson.	
Sir Francis Powell.	
Mr. Parker Smith.	
Mr. Whitmore.	

Another Amendment proposed, in page 1, lines 7 and 8, to leave out the words "the personal character or conduct"—(Mr. *T. M. Healy*).—Question proposed, That the words "the personal character" stand part of the Clause.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 28th May 1895.

MEMBERS PRESENT:

Sir MATTHEW WHITE RIDLEY in the Chair.

Mr. Dunbar Barton.	Mr. Elliott Lees.
Mr. Beach.	Mr. James William Lowther.
Mr. Bolitho.	Sir Donald Macfarlane.
Mr. Thomas Henry Bolton.	Mr. MacNeill.
Mr. Donald Crawford.	Sir Frederick Milner.
Mr. Cremer.	Mr. Mount.
Mr. Darling.	Sir Charles Pearson.
Mr. Dodd.	Sir Francis Powell.
Sir W. Hart Dyke.	Mr. Seale-Hayne.
Mr. A. de Tatton Egerton.	Sir Richard Temple.
Mr. T. M. Healy.	Mr. Warner.
Mr. Staveley Hill.	Mr. R. G. Webster.
Mr. Labouchere.	Mr. Whitmore.

Clause 1.—Amendment again proposed, in page 1, lines 7 and 8, to leave out the words "the personal character or conduct"—(Mr. *T. M. Healy*).—Question put, That the words "the personal character" stand part of the Clause.—The Committee divided:

Ayes, 16.	Noes, 6.
Mr. Dunbar Barton.	Mr. Seale-Hayne.
Mr. Beach.	Mr. T. M. Healy.
Mr. Bolitho.	Sir Donald Macfarlane.
Mr. Thomas Henry Bolton.	Mr. MacNeill.
Mr. Dodd.	Sir Frederick Milner.
Sir W. Hart Dyke.	Mr. Warner.
Mr. A. de Tatton Egerton.	
Mr. Staveley Hill.	
Mr. Elliott Lees.	
Mr. James William Lowther.	
Mr. Mount.	
Sir Charles Pearson.	
Sir Francis Powell.	
Sir Richard Temple.	
Mr. R. G. Webster.	
Mr. Whitmore.	

Another Amendment proposed, in page 1, line 8, after the word "character," to insert the word "circumstances"—(Sir *Donald Macfarlane*).—Question, That the word "circumstances" be there inserted,—put, and *negatived*.

Another Amendment proposed, in page 1, line 8, after the word "be," to insert the words "bound on the complaint before a justice, to prove the same, the truth or genuineness of the same, and on failure thereof be"—(Mr. *T. M. Healy*).—Question proposed, That those words be there inserted.

Amendment, by leave, *withdrawn*.

Another Amendment proposed, in page 1, line 10, after "1883," to insert the words "and shall be subject to being restrained by interim or perpetual injunction by the High Court of Justice or by the county court of the district from any repetition of such false statement or any false statement of a similar character in relation to such candidate, and for the purpose of granting an interim injunction *primâ facie* proof of the falsity of the statement shall be sufficient"—(Mr. *Dodd*).

Question proposed, That those words be there inserted.

Amendment, by leave, *withdrawn*.

Another Amendment proposed, at the end of the Clause, to add the words "The burden of proving the statement to be true shall lie upon the person who made it"—(Mr. *D. Crawford*).—Question put, That those words be there added.—The Committee divided:

Ayes, 9.	Noes, 11.
Mr. Donald Crawford.	Mr. Dunbar Barton.
Mr. Cremer.	Mr. Beach.
Mr. T. M. Healy.	Mr. Bolitho.
Mr. Labouchere.	Mr. Thomas Henry Bolton.
Mr. Elliott Lees.	Mr. Dodd.
Mr. James William Lowther.	Sir W. Hart Dyke.
Sir Donald Macfarlane.	Mr. A. de Tatton Egerton.
Mr. Mount.	Mr. Staveley Hill.
Mr. Warner.	Sir Charles Pearson.
	Sir Francis Powell.
	Sir Richard Temple.

Clause, as amended, *agreed to*.

Clause 2, *agreed to*.

Clause 3.—Amendment proposed, in page 1, line 22, after the word "liable," to insert the words "nor shall be subject to any incapacity"—(Sir *Francis Powell*).—Question, That those words be there inserted,—put, and *agreed to*.

Another Amendment made.

Clause, as amended, *agreed to*.

Clause 4.—Amendment proposed, in page 2, line 5, at the end of the Clause, to add the words "and shall be construed as one with the Corrupt and Illegal Practices Prevention Act, 1883, and that Act and this Act may be cited together as the Corrupt and Illegal Practices Prevention Acts, 1883 and 1895"—(Mr. *Bolton*).—Question, That those words be there added,—put, and *agreed to*.

Clause, as amended, *agreed to*.

New

New Clause (Injunction) :—

"Any person who shall make or publish any false statement of fact as aforesaid may be restrained by interim or perpetual injunction by the High Court of Justice or by the county court of the district in which the election is being held from any repetition of such false statement or any false statement of a similar character in relation to such candidate, and for the purpose of granting an interim injunction *primâ facie* proof of the falsity of the statement shall be sufficient."

—(Mr. *Dodd*)—read the first and second time.—Amendment proposed, in lines 2, 3, to leave out the words "or by the county court of the district in which the election is being held"—(Sir *Francis Powell*).—Question, That the words proposed to be left out stand part of the Clause,—put, and *negatived*.

Clause, as amended, *agreed to*, and added to the Bill.

Ordered, To Report the Bill, as amended, to the House.

REPORT

FROM THE

STANDING COMMITTEE

ON

LAW, AND COURTS OF JUSTICE, AND LEGAL PROCEDURE.

ON THE

CORRUPT AND ILLEGAL PRACTICES PREVENTION ACT (1883) AMENDMENT BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed,*
28 *May* 1895.

[*Price* 1½ *d.*]

282. *Under* 2 *oz.*

REPORT

FROM THE

SELECT COMMITTEE

ON

COURT OF CRIMINAL APPEAL BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed,*
1 *July* 1895.

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351.

Court of Criminal Appeal Bill.

Ordered,—[*Wednesday, 3rd April* 1895]:—That the Bill be read a second time, and committed to a Select Committee.

Committee nominated—[*Monday, 13th May* 1895]—of—

Mr. Addison.
Mr. Darling.
Mr. T. M. Healy.
Mr. Hugh Hoare.
Mr. Hopwood.
Mr. Hutton.
Sir Henry James.
Mr. Matthews.
Mr. Attorney General (Sir R. T. Reid).
Sir Albert Rollit.
Sir Andrew Scoble.
Mr. Talbot.
Sir William Wedderburn.
Mr. Whittaker.
Mr. Shiress Will.

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum of the Committee.

Ordered,—[*Thursday, 16th May* 1895]:—That Mr. Attorney General be discharged from the Select Committee on the Court of Criminal Appeal Bill.

That Mr. Solicitor General be added to the Committee.

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PROCEEDINGS OF THE COMMITTEE - - - - - - - - p. iv

REPORT.

THE SELECT COMMITTEE appointed to consider the COURT OF CRIMINAL APPEAL BILL;——HAVE agreed to the following REPORT:—

YOUR Committee have not had sufficient time to conclude their investigation of the Bill to them referred.

They have therefore agreed to report the Bill without Amendment to the House, and to recommend that a Committee upon the same subject should be appointed in the next Session of Parliament.

1 *July* 1895.

PROCEEDINGS OF THE COMMITTEE.

Friday, 21*st June* 1895.

MEMBERS PRESENT:

Mr. Hugh Hoare.
Sir Albert Rollit.
Mr. Talbot.
Mr. Hopwood.
Mr. Solicitor General.
Mr. Whittaker.
Sir Andrew Scoble.
Mr. Shiress Will.
Mr. Matthews.
Sir Henry James.
Mr. Addison.

Sir HENRY JAMES was called to the Chair.

The Committee deliberated.

[Adjourned until Friday next, at Two o'clock.

Friday, 28*th June* 1895.

MEMBERS PRESENT:

Mr. SOLICITOR GENERAL in the Chair.

Mr. Hopwood.
Mr. Talbot.
Mr. Addison.
Mr. Darling.
Mr. Shiress Will.
Mr. Whittaker.

In the absence of Sir HENRY JAMES, Mr. SOLICITOR GENERAL took the Chair.

DRAFT REPORT, proposed by the *Chairman*, read the first and second time, and *agreed to*.

Question, That this Report be the Report of the Committee to the House,—put and *agreed to*.

Ordered, To Report.

REPORT

FROM THE

SELECT COMMITTEE

ON

COURT OF CRIMINAL APPEAL BILL;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

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